

House File 716 - Enrolled

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HOUSE FILE 716

AN ACT

RELATING TO REVISING THE UNIFORM COMMERCIAL CODE, BY PROVIDING
FOR WAREHOUSE RECEIPTS, BILLS OF LADING, AND OTHER
DOCUMENTS OF TITLE.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

DIVISION I

REVISION TO UNIFORM COMMERCIAL CODE

ARTICLE 7

Section 1. Section 554.7101, Code 2007, is amended to read
as follows:

554.7101 SHORT TITLE.

This Article ~~shall be known and~~ may be cited as Uniform
Commercial Code == Documents of Title.

Sec. 2. Section 554.7102, Code 2007, is amended to read as
follows:

554.7102 DEFINITIONS AND INDEX OF DEFINITIONS.

1. In this Article, unless the context otherwise requires:

a. "Bailee" means ~~the~~ a person ~~who that~~ by a warehouse
receipt, bill of lading, or other document of title
acknowledges possession of goods and contracts to deliver
them.

b. "Carrier" means a person that issues a bill of lading.

c. "Consignee" means ~~the~~ a person named in a bill of
lading to ~~whom which~~ or to whose order the bill promises
delivery.

d. "Consignor" means ~~the~~ a person named in a bill of
lading as the person from ~~whom which~~ the goods have been
received for shipment.

e. "Delivery order" means a ~~written record that~~
~~contains an order to deliver goods directed to a warehouse~~
~~operator, carrier, or other person who that~~ in the ordinary
course of business issues warehouse receipts or bills of
lading.

~~f. "Document" means document of title as defined in the~~
~~general definitions in Article 1 (section 554.1201).~~

~~g. "Good faith" means honesty in fact and the observance~~
~~of reasonable commercial standards of fair dealing.~~

~~h. "Goods" means all things which that~~ are treated as
movable for the purposes of a contract ~~of for~~ storage or
transportation.

~~i. "Issuer" means a bailee who that issues a document~~
~~except that in relation to of title or, in the case of an~~
~~unaccepted delivery order, it means the person who that orders~~
~~the possessor of goods to deliver. Issuer The term includes~~
~~any a person for whom which an agent or employee purports to~~
~~act in issuing a document if the agent or employee has real or~~
~~apparent authority to issue documents, notwithstanding that~~
~~even if the issuer received no did not receive any goods, or~~
~~that the goods were misdescribed, or that in any other respect~~
~~the agent or employee violated that agent's or employee's the~~
~~issuer's instructions.~~

~~j. "Person entitled under the document" means the holder,~~
~~in the case of a negotiable document of title, or the person~~
~~to which delivery of the goods is to be made by the terms of,~~
~~or pursuant to instructions in a record under, a nonnegotiable~~
~~document of title.~~

~~k. "Record" means information that is inscribed on a~~
~~tangible medium or that is stored in an electronic or other~~
~~medium and is retrievable in perceivable form.~~

~~l. "Sign" means, with present intent to authenticate or~~
~~adopt a record:~~

~~(1) to execute or adopt a tangible symbol; or~~

~~(2) to attach to or logically associate with the record an~~
~~electronic sound, symbol, or process.~~

~~m. "Shipper" means a person that enters into a contract of~~
~~transportation with a carrier.~~

~~n. "Warehouse operator" is "Warehouse" means a person~~
~~engaged in the business of storing goods for hire.~~

~~2. Other definitions applying to this Article or to~~

3 4 specified Parts thereof, and the sections in which they appear
 3 5 ~~are:~~
 3 6 ~~"Duly negotiate" Section 554.7501~~
 3 7 ~~"Person entitled under~~
 3 8 ~~the document" Section 554.7403(4)~~
 3 9 3- Definitions in other Articles applying to this Article
 3 10 and the sections in which they appear are:
 3 11 a. "Contract for sale" Section 554.2106
 3 12 ~~"Overseas" Section 554.2323~~
 3 13 b. "Lessee in ordinary course
 3 14 of business" Section 554.13103
 3 15 c. "Receipt" of goods Section 554.2103
 3 16 4. 3. In addition, Article 1 contains general definitions
 3 17 and principles of construction and interpretation applicable
 3 18 throughout this Article.
 3 19 Sec. 3. Section 554.7103, Code 2007, is amended to read as
 3 20 follows:
 3 21 554.7103 RELATION OF ARTICLE TO TREATY, OR STATUTE,
 3 22 ~~TARIFF, CLASSIFICATION OR REGULATION.~~
 3 23 1. ~~To the extent that This Article is subject to any~~
 3 24 ~~treaty or statute of the United States, or regulatory statute~~
 3 25 ~~of this state or tariff, classification or regulation filed or~~
 3 26 ~~issued pursuant thereto to the extent that the treaty,~~
 3 27 ~~statute, or regulatory statute is applicable, the provisions~~
 3 28 ~~of this Article are subject thereto.~~
 3 29 2. ~~This Article does not modify or repeal any law~~
 3 30 ~~prescribing the form or content of a document of title or the~~
 3 31 ~~services or facilities to be afforded by a bailee, or~~
 3 32 ~~otherwise regulating a bailee's business in respects not~~
 3 33 ~~specifically treated in this Article. However, violation of~~
 3 34 ~~such a law does not affect the status of a document of title~~
 3 35 ~~that otherwise is within the definition of a document of~~
 4 1 ~~title.~~
 4 2 3. ~~This Article modifies, limits, and supersedes the~~
 4 3 ~~federal Electronic Signatures in Global and National Commerce~~
 4 4 ~~Act (15 U.S.C. } 7001, et seq.) but does not modify, limit, or~~
 4 5 ~~supersede } 101(c) of that Act (15 U.S.C. } 7001(c)) or~~
 4 6 ~~authorize electronic delivery of any of the notices described~~
 4 7 ~~in } 103(b) of that Act (15 U.S.C. } 7003(b)).~~
 4 8 4. ~~To the extent there is a conflict between chapter 554D,~~
 4 9 ~~the "Uniform Electronic Transactions Act", and this Article,~~
 4 10 ~~this Article governs.~~
 4 11 Sec. 4. Section 554.7104, Code 2007, is amended to read as
 4 12 follows:
 4 13 554.7104 NEGOTIABLE AND NONNEGOTIABLE ~~WAREHOUSE RECEIPT,~~
 4 14 ~~BILL OF LADING OR OTHER DOCUMENT OF TITLE.~~
 4 15 1. ~~A warehouse receipt, bill of lading or other Except as~~
 4 16 ~~otherwise provided in subsection 3, a document of title is~~
 4 17 ~~negotiable~~
 4 18 ~~a. if by its terms the goods are to be delivered to bearer~~
 4 19 ~~or to the order of a named person; or,~~
 4 20 ~~b. where recognized in overseas trade, if it runs to a~~
 4 21 ~~named person or assigns.~~
 4 22 2. ~~Any other A document of title other than the one~~
 4 23 ~~described in subsection 1 is nonnegotiable. A bill of lading~~
 4 24 ~~in which it is stated that states that the goods are consigned~~
 4 25 ~~to a named person is not made negotiable by a provision that~~
 4 26 ~~the goods are to be delivered only against a written an order~~
 4 27 ~~in a record signed by the same or another named person.~~
 4 28 3. ~~A document of title is nonnegotiable if, at the time it~~
 4 29 ~~is issued, the document has a conspicuous legend, however~~
 4 30 ~~expressed, that it is nonnegotiable.~~
 4 31 Sec. 5. Section 554.7105, Code 2007, is amended to read as
 4 32 follows:
 4 33 554.7105 ~~CONSTRUCTION AGAINST NEGATIVE IMPLICATION~~
 4 34 ~~REISSUANCE IN ALTERNATIVE MEDIUM.~~
 4 35 1. ~~The omission from either Part 2 or Part 3 of this~~
 5 1 ~~Article of a provision corresponding to a provision made in~~
 5 2 ~~the other Part does not imply that a corresponding rule of law~~
 5 3 ~~is not applicable. Upon request of a person entitled under an~~
 5 4 ~~electronic document of title, the issuer of the electronic~~
 5 5 ~~document may issue a tangible document of title as a~~
 5 6 ~~substitute for the electronic document if:~~
 5 7 ~~a. the person entitled under the electronic document~~
 5 8 ~~surrenders control of the document to the issuer; and~~
 5 9 ~~b. the tangible document when issued contains a statement~~
 5 10 ~~that it is issued in substitution for the electronic document.~~
 5 11 2. ~~Upon issuance of a tangible document of title in~~
 5 12 ~~substitution for an electronic document of title in accordance~~
 5 13 ~~with subsection 1:~~
 5 14 ~~a. the electronic document ceases to have any effect or~~

5 15 validity; and

5 16 b. the person that procured issuance of the tangible

5 17 document warrants to all subsequent persons entitled under the

5 18 tangible document that the warrantor was a person entitled

5 19 under the electronic document when the warrantor surrendered

5 20 control of the electronic document to the issuer.

5 21 3. Upon request of a person entitled under a tangible

5 22 document of title, the issuer of the tangible document may

5 23 issue an electronic document of title as a substitute for the

5 24 tangible document if:

5 25 a. the person entitled under the tangible document

5 26 surrenders possession of the document to the issuer; and

5 27 b. the electronic document when issued contains a

5 28 statement that it is issued in substitution for the tangible

5 29 document.

5 30 4. Upon issuance of an electronic document of title in

5 31 substitution for a tangible document of title in accordance

5 32 with subsection 3:

5 33 a. the tangible document ceases to have any effect or

5 34 validity; and

5 35 b. the person that procured issuance of the electronic

6 1 document warrants to all subsequent persons entitled under the

6 2 electronic document that the warrantor was a person entitled

6 3 under the tangible document when the warrantor surrendered

6 4 possession of the tangible document to the issuer.

6 5 Sec. 6. NEW SECTION. 554.7106 CONTROL OF ELECTRONIC

6 6 DOCUMENT OF TITLE.

6 7 1. A person has control of an electronic document of title

6 8 if a system employed for evidencing the transfer of interests

6 9 in the electronic document reliably establishes that person as

6 10 the person to which the electronic document was issued or

6 11 transferred.

6 12 2. A system satisfies subsection 1, and a person is deemed

6 13 to have control of an electronic document of title, if the

6 14 document is created, stored, and assigned in such a manner

6 15 that:

6 16 a. a single authoritative copy of the document exists

6 17 which is unique, identifiable, and, except as otherwise

6 18 provided in paragraphs "d", "e", and "f", unalterable;

6 19 b. the authoritative copy identifies the person asserting

6 20 control as:

6 21 (1) the person to which the document was issued; or

6 22 (2) if the authoritative copy indicates that the document

6 23 has been transferred, the person to which the document was

6 24 most recently transferred;

6 25 c. the authoritative copy is communicated to and

6 26 maintained by the person asserting control or its designated

6 27 custodian;

6 28 d. copies or amendments that add or change an identified

6 29 assignee of the authoritative copy can be made only with the

6 30 consent of the person asserting control;

6 31 e. each copy of the authoritative copy and any copy of a

6 32 copy is readily identifiable as a copy that is not the

6 33 authoritative copy; and

6 34 f. any amendment of the authoritative copy is readily

6 35 identifiable as authorized or unauthorized.

7 1 Sec. 7. Section 554.7201, Code 2007, is amended to read as

7 2 follows:

7 3 554.7201 ~~WHO PERSON THAT MAY ISSUE A WAREHOUSE RECEIPT ==~~

7 4 ~~STORAGE UNDER GOVERNMENT BOND.~~

7 5 1. A warehouse receipt may be issued by any warehouse

7 6 operator.

7 7 2. ~~Where~~ If goods, including distilled spirits and

7 8 agricultural commodities, are stored under a statute requiring

7 9 a bond against withdrawal or a license for the issuance of

7 10 receipts in the nature of warehouse receipts, a receipt issued

7 11 for the goods ~~has like effect as is deemed to be a warehouse~~

7 12 receipt even ~~though~~ if issued by a person ~~who that~~ that is the

7 13 owner of the goods and is not a warehouse operator.

7 14 Sec. 8. Section 554.7202, Code 2007, is amended to read as

7 15 follows:

7 16 554.7202 FORM OF WAREHOUSE RECEIPT == ~~ESSENTIAL TERMS ==~~

7 17 ~~OPTIONAL TERMS EFFECT OF OMISSION.~~

7 18 1. A warehouse receipt need not be in any particular form.

7 19 2. Unless a warehouse receipt ~~embodies within its written~~

7 20 ~~or printed terms provides for~~ each of the following, the

7 21 warehouse operator is liable for damages caused to a person

7 22 ~~injured by the its omission to a person injured thereby:~~

7 23 a. a statement of the location of the warehouse facility

7 24 where the goods are stored;

7 25 b. the date of issue of the receipt;

7 26 c. the ~~consecutive number~~ unique identification code of
7 27 the receipt;
7 28 d. a statement whether the goods received will be
7 29 delivered to the bearer, to a ~~specified~~ named person, or to a
7 30 ~~specified named~~ person or ~~that person's~~ its order;
7 31 e. the rate of storage and handling charges, ~~except that~~
7 32 ~~where unless~~ goods are stored under a field warehousing
7 33 arrangement, in which case a statement of that fact is
7 34 sufficient on a nonnegotiable receipt;
7 35 f. a description of the goods or ~~of~~ the packages
8 1 containing them;
8 2 g. the signature of the warehouse ~~operator, which may be~~
8 3 ~~made by the warehouse operator's authorized or its agent;~~
8 4 h. if the receipt is issued for goods ~~of which that the~~
8 5 ~~warehouse operator is owner~~ owns, either solely, ~~or jointly,~~
8 6 or in common with others, a statement of the fact of such that
8 7 ownership; and
8 8 i. a statement of the amount of advances made and of
8 9 liabilities incurred for which the warehouse ~~operator~~ claims a
8 10 lien or security interest, ~~(section 554.7209).~~ If unless the
8 11 precise amount of ~~such~~ advances made or ~~of such~~ liabilities
8 12 incurred ~~is~~, at the time of the issue of the receipt, is
8 13 unknown to the warehouse ~~operator~~ or to the warehouse
8 14 ~~operator's~~ its agent who issues it that issued the receipt, in
8 15 which case a statement of the fact that advances have been
8 16 made or liabilities incurred and the purpose ~~thereof of the~~
8 17 advances or liabilities is sufficient.

8 18 3. A warehouse ~~operator~~ may insert in the its receipt any
8 19 ~~other terms which that~~ are not contrary to the ~~provisions of~~
8 20 this chapter and do not impair the ~~warehouse operator's~~ its
8 21 obligation of delivery ~~(section 554.7403)~~ under section
8 22 554.7403 or its duty of care ~~(section 554.7204)~~ under section
8 23 554.7204. Any contrary ~~provisions shall be~~ provision is
8 24 ineffective.

8 25 Sec. 9. Section 554.7203, Code 2007, is amended to read as
8 26 follows:
8 27 554.7203 LIABILITY FOR NONRECEIPT OR MISDESCRIPTION.
8 28 A party to or purchaser for value in good faith of a
8 29 document of title, ~~other than a bill of lading relying in~~
8 30 ~~either case, that relies~~ upon the description ~~therein~~ of the
8 31 goods in the document may recover from the issuer damages
8 32 caused by the nonreceipt or misdescription of the goods,
8 33 except to the extent that:
8 34 1. the document conspicuously indicates that the issuer
8 35 does not know whether ~~any all or part or all~~ of the goods in
9 1 fact were received or conform to the description, ~~as where~~
9 2 such as the case in which the description is in terms of marks
9 3 or labels or kind, quantity, or condition, or the receipt or
9 4 description is qualified by "contents, condition, and quality
9 5 unknown", "said to contain", ~~or the like, words of similar~~
9 6 import, if such the indication be is true, or
9 7 2. the party or purchaser otherwise has notice of the
9 8 nonreceipt or misdescription.

9 9 Sec. 10. Section 554.7204, Code 2007, is amended to read
9 10 as follows:
9 11 554.7204 DUTY OF CARE == CONTRACTUAL LIMITATION OF
9 12 ~~WAREHOUSE OPERATOR'S~~ WAREHOUSE'S LIABILITY.
9 13 1. A warehouse ~~operator~~ is liable for damages for loss of
9 14 or injury to the goods caused by the ~~warehouse operator's~~ its
9 15 failure to exercise such care in with regard to them as the
9 16 goods that a reasonably careful person would exercise under
9 17 like similar circumstances ~~but unless.~~ Unless otherwise
9 18 agreed, the warehouse ~~operator~~ is not liable for damages ~~which~~
9 19 that could not have been avoided by the exercise of ~~such that~~
9 20 care.
9 21 2. Damages may be limited by a term in the warehouse
9 22 receipt or storage agreement limiting the amount of liability
9 23 in case of loss or damage, ~~and setting forth a specific~~
9 24 ~~liability per article or item, or value per unit of weight,~~
9 25 beyond which the warehouse ~~operator shall is not be liable~~
9 26 ~~provided, however, that such liability may on written.~~ Such a
9 27 limitation is not effective with respect to the warehouse's
9 28 liability for conversion to its own use. On request of the
9 29 bailor in a record at the time of signing ~~such the~~ storage
9 30 agreement or within a reasonable time after receipt of the
9 31 warehouse receipt, the warehouse's liability may be increased
9 32 on part or all of the goods ~~thereunder, in which covered by~~
9 33 the storage agreement or the warehouse receipt. In this
9 34 event, increased rates may be charged based on such an
9 35 increased valuation, but that no such increase shall be
10 1 permitted contrary to a lawful limitation of liability

~~10 2 contained in the warehouse operator's tariff, if any of the~~
~~10 3 goods. No such limitation is effective with respect to the~~
~~10 4 warehouse operator's liability for conversion to the warehouse~~
~~10 5 operator's own use.~~

10 6 3. Reasonable provisions as to the time and manner of
10 7 presenting claims and ~~instituting~~ commencing actions based on
10 8 the bailment may be included in the warehouse receipt or
10 9 tariff storage agreement.

10 10 4. This section does not modify or repeal any provision
10 11 under chapter 203, 203C, or 203D.

10 12 Sec. 11. Section 554.7205, Code 2007, is amended to read
10 13 as follows:

10 14 554.7205 TITLE UNDER WAREHOUSE RECEIPT DEFEATED IN CERTAIN
10 15 CASES.

10 16 A buyer in the ordinary course of business of fungible
10 17 goods sold and delivered by a warehouse operator ~~who that is~~
10 18 also in the business of buying and selling such goods takes
10 19 the goods free of any claim under a warehouse receipt even
10 20 though it if the receipt is negotiable and has been duly
10 21 negotiated.

10 22 Sec. 12. Section 554.7206, Code 2007, is amended to read
10 23 as follows:

10 24 554.7206 TERMINATION OF STORAGE AT ~~WAREHOUSE OPERATOR'S~~
10 25 WAREHOUSE'S OPTION.

10 26 1. A warehouse operator ~~may on notifying, by giving notice~~
10 27 to the person on whose account the goods are held and any
10 28 other person known to claim an interest in the goods, may
10 29 require payment of any charges and removal of the goods from
10 30 the warehouse at the termination of the period of storage
10 31 fixed by the document, of title or, if no a period is not
10 32 fixed, within a stated period not less than thirty days after
10 33 the notification warehouse gives notice. If the goods are not
10 34 removed before the date specified in the notification notice,
10 35 the warehouse operator may sell them ~~in accordance with the~~
11 1 ~~provisions of the pursuant to section on enforcement of a~~
11 2 ~~warehouse operator's lien (section 554.7210) 554.7210.~~

11 3 2. If a warehouse operator in good faith believes that the
11 4 goods are about to deteriorate or decline in value to less
11 5 than the amount of the warehouse operator's its lien within
11 6 the time prescribed provided in subsection 1 ~~for notification,~~
11 7 ~~advertisement and sale and section 554.7210,~~ the warehouse
11 8 operator may specify in the notification notice given under
11 9 subsection 1 any reasonable shorter time for removal of the
11 10 goods and in case, if the goods are not removed, may sell them
11 11 at public sale held not less than one week after a single
11 12 advertisement or posting.

11 13 3. If, as a result of a quality or condition of the goods
11 14 of which the warehouse operator ~~had no~~ did not have notice at
11 15 the time of deposit, the goods are a hazard to other property,
11 16 ~~or to the warehouse facilities, or to other persons,~~ the
11 17 warehouse operator may sell the goods at public or private
11 18 sale without advertisement or posting on reasonable
11 19 notification to all persons known to claim an interest in the
11 20 goods. If the warehouse, ~~operator~~ after a reasonable effort,
11 21 is unable to sell the goods ~~the warehouse operator,~~ it may
11 22 dispose of them in any lawful manner and ~~shall does not~~ incur
11 23 ~~no~~ liability by reason of ~~such that~~ disposition.

11 24 4. ~~The A~~ warehouse operator ~~must~~ shall deliver the goods
11 25 to any person entitled to them under this Article upon due
11 26 demand made at any time prior to before sale or other
11 27 disposition under this section.

11 28 5. ~~The A~~ warehouse operator may satisfy ~~the warehouse~~
11 29 ~~operator's its~~ lien from the proceeds of any sale or
11 30 disposition under this section but ~~must~~ shall hold the balance
11 31 for delivery on the demand of any person to ~~whom~~ which the
11 32 warehouse operator would have been bound to deliver the goods.

11 33 Sec. 13. Section 554.7207, Code 2007, is amended to read
11 34 as follows:

11 35 554.7207 GOODS MUST BE KEPT SEPARATE == FUNGIBLE GOODS.

12 1 1. Unless the warehouse receipt ~~otherwise~~ provides
12 2 otherwise, a warehouse operator ~~must~~ shall keep separate the
12 3 goods covered by each receipt so as to permit at all times
12 4 identification and delivery of those goods ~~except that,~~
12 5 However, different lots of fungible goods may be commingled.

12 6 2. Fungible If different lots of fungible goods ~~so are~~
12 7 commingled, the goods are owned in common by the persons
12 8 entitled thereto and the warehouse operator is severally
12 9 liable to each owner for that owner's share. ~~Where If,~~
12 10 because of overissue, a mass of fungible goods is insufficient
12 11 to meet all the receipts ~~which~~ the warehouse operator has
12 12 issued against it, the persons entitled include all holders to

12 13 ~~whom which~~ overissued receipts have been duly negotiated.

12 14 Sec. 14. Section 554.7208, Code 2007, is amended to read

12 15 as follows:

12 16 554.7208 ALTERED WAREHOUSE RECEIPTS.

12 17 ~~Where If~~ a blank in a negotiable tangible warehouse receipt
12 18 has been filled in without authority, a good-faith purchaser
12 19 for value and without notice of the ~~want lack~~ of authority may
12 20 treat the insertion as authorized. Any other unauthorized
12 21 alteration leaves any tangible or electronic warehouse receipt
12 22 enforceable against the issuer according to its original
12 23 tenor.

12 24 Sec. 15. Section 554.7209, Code 2007, is amended to read

12 25 as follows:

12 26 554.7209 LIEN OF WAREHOUSE OPERATOR.

12 27 1. A warehouse ~~operator~~ has a lien against the bailor on
12 28 the goods covered by a warehouse receipt or storage agreement
12 29 or on the proceeds thereof in ~~the warehouse operator's~~ its
12 30 possession for charges for storage or transportation
12 31 ~~(including, including~~ demurrage and terminal ~~charges)~~ charges,
12 32 insurance, labor, or other charges, present or future, in
12 33 relation to the goods, and for expenses necessary for
12 34 preservation of the goods or reasonably incurred in their sale
12 35 pursuant to law. If the person on whose account the goods are
13 1 held is liable for ~~like~~ similar charges or expenses in
13 2 relation to other goods whenever deposited and it is stated in
13 3 the warehouse receipt or storage agreement that a lien is
13 4 claimed for charges and expenses in relation to other goods,
13 5 the warehouse ~~operator~~ also has a lien against ~~that person the~~
13 6 goods covered in the warehouse receipt or storage agreement or
13 7 on the proceeds thereof in its possession for such those

13 8 charges and expenses, whether or not the other goods have been
13 9 delivered by the warehouse ~~operator~~. ~~But~~ However, as against
13 10 a person to ~~whom which~~ a negotiable warehouse receipt is duly
13 11 negotiated, a ~~warehouse operator's~~ warehouse's lien is limited
13 12 to charges in an amount or at a rate specified ~~on in~~ the
13 13 warehouse receipt or, if no charges are so specified, ~~then~~ to
13 14 a reasonable charge for storage of the specific goods covered
13 15 by the receipt subsequent to the date of the receipt.

13 16 2. ~~The A~~ warehouse ~~operator~~ may also reserve a security
13 17 interest against the bailor for ~~a the~~ maximum amount specified
13 18 on the receipt for charges other than those specified in
13 19 subsection 1, such as for money advanced and interest. ~~Such a~~
13 20 The security interest is governed by the Article on Secured
13 21 Transactions (Article 9) 2.

13 22 3. ~~a. A warehouse operator's~~ warehouse's lien for charges
13 23 and expenses under subsection 1 or a security interest under
13 24 subsection 2 is also effective against any person ~~who that~~ so
13 25 entrusted the bailor with possession of the goods that a
13 26 pledge of them by the bailor to a ~~good-faith~~ good-faith
13 27 purchaser for value would have been valid ~~but, However, the~~
13 28 lien or security interest is not effective against a person ~~as~~
13 29 ~~to whom the that before issuance of a document confers no~~
13 30 right of title had a legal interest or perfected security
13 31 interest in the goods covered by it under section 554.7503.
13 32 and that did not:

13 33 a. deliver or entrust the goods or any document of title
13 34 covering the goods to the bailor or the bailor's nominee with:

13 35 (1) actual or apparent authority to ship, store, or sell;

14 1 (2) power to obtain delivery under section 554.7403; or

14 2 (3) power of disposition under sections 554.2403,

14 3 554.13304, subsection 2, 554.13305, subsection 2, 554.9320, or

14 4 554.9321, subsection 3, or other statute or rule of law; or

14 5 b. acquiesce in the procurement by the bailor or its
14 6 nominee of any document.

14 7 ~~b. 4. A warehouse operator's~~ warehouse's lien on
14 8 household goods for charges and expenses in relation to the
14 9 goods under subsection 1 is also effective against all persons
14 10 if the depositor was the legal possessor of the goods at the
14 11 time of deposit. ~~Household~~ In this subsection, "household
14 12 goods" means furniture, furnishings and, or personal effects
14 13 used by the depositor in a dwelling.

14 14 ~~4. 5. A warehouse operator loses the warehouse operator's~~
14 15 its lien on any goods ~~which the warehouse operator that it~~
14 16 voluntarily delivers or unjustifiably refuses to deliver.

14 17 Sec. 16. Section 554.7210, Code 2007, is amended to read

14 18 as follows:

14 19 554.7210 ENFORCEMENT OF ~~WAREHOUSE OPERATOR'S~~ WAREHOUSE'S
14 20 LIEN.

14 21 1. Except as otherwise provided in subsection 2, a
14 22 ~~warehouse operator's~~ warehouse's lien may be enforced by
14 23 public or private sale of the goods, in ~~block~~ bulk or in

14 24 ~~parcels packages~~, at any time or place and on any terms ~~which~~
14 25 ~~that~~ are commercially reasonable, after notifying all persons
14 26 known to claim an interest in the goods. ~~Such The~~
14 27 notification must include a statement of the amount due, the
14 28 nature of the proposed sale, and the time and place of any
14 29 public sale. The fact that a better price could have been
14 30 obtained by a sale at a different time or in a ~~different~~
14 31 method ~~different~~ from that selected by the warehouse operator
14 32 is not of itself sufficient to establish that the sale was not
14 33 made in a commercially reasonable manner. ~~If the The~~
14 34 warehouse operator ~~either~~ sells in a commercially reasonable
14 35 manner if the warehouse sells the goods in the usual manner in
15 1 any recognized market therefor, ~~or if the warehouse operator~~
15 2 sells at the price current in ~~such that~~ market at the time of
15 3 the warehouse operator's sale, or if the warehouse operator
15 4 ~~has otherwise sold~~ sells in conformity with commercially
15 5 reasonable practices among dealers in the type of goods sold,
15 6 ~~the warehouse operator has sold in a commercially reasonable~~
15 7 ~~manner~~. A sale of more goods than apparently necessary to be
15 8 offered to ~~insure~~ ensure satisfaction of the obligation is not
15 9 commercially reasonable, except in cases covered by the
15 10 preceding sentence.
15 11 2. A warehouse operator's may enforce its lien on goods,
15 12 other than goods stored by a merchant in the course of the
15 13 ~~merchant's its~~ business may be enforced only as follows, only
15 14 if the following requirements are satisfied:
15 15 a. All persons known to claim an interest in the goods
15 16 must be notified.
15 17 b. ~~The notification must be delivered in person or sent by~~
15 18 ~~registered or certified letter to the last known address of~~
15 19 ~~any person to be notified.~~
15 20 c. ~~b.~~ The notification must include an itemized statement
15 21 of the claim, a description of the goods subject to the lien,
15 22 a demand for payment within a specified time not less than ten
15 23 days after receipt of the notification, and a conspicuous
15 24 statement that unless the claim is paid within that time the
15 25 goods will be advertised for sale and sold by auction at a
15 26 specified time and place.
15 27 d. ~~c.~~ The sale must conform to the terms of the
15 28 notification.
15 29 e. ~~d.~~ The sale must be held at the nearest suitable place
15 30 to ~~that~~ where the goods are held or stored.
15 31 f. ~~e.~~ After the expiration of the time given in the
15 32 notification, an advertisement of the sale must be published
15 33 once a week for two weeks consecutively in a newspaper of
15 34 general circulation where the sale is to be held. The
15 35 advertisement must include a description of the goods, the
16 1 name of the person on whose account ~~they the goods~~ are being
16 2 held, and the time and place of the sale. The sale must take
16 3 place at least fifteen days after the first publication. If
16 4 there is no newspaper of general circulation where the sale is
16 5 to be held, the advertisement must be posted at least ten days
16 6 before the sale in not ~~less fewer~~ than six conspicuous places
16 7 in the neighborhood of the proposed sale.
16 8 3. Before any sale pursuant to this section, any person
16 9 claiming a right in the goods may pay the amount necessary to
16 10 satisfy the lien and the reasonable expenses incurred under in
16 11 complying with this section. In that event, the goods ~~must~~
16 12 may not be sold, but must be retained by the warehouse
16 13 operator subject to the terms of the receipt and this Article.
16 14 4. ~~The A warehouse operator~~ may buy at any public sale
16 15 held pursuant to this section.
16 16 5. A purchaser in good faith of goods sold to enforce a
16 17 warehouse operator's warehouse's lien takes the goods free of
16 18 any rights of persons against ~~whom which~~ the lien was valid,
16 19 despite the warehouse's noncompliance by the warehouse
16 20 ~~operator with the requirements of with~~ this section.
16 21 6. ~~The A warehouse operator~~ may satisfy ~~the warehouse~~
16 22 ~~operator's its~~ lien from the proceeds of any sale pursuant to
16 23 this section but ~~must shall~~ hold the balance, if any, for
16 24 delivery on demand to any person to ~~whom which~~ the warehouse
16 25 operator would have been bound to deliver the goods.
16 26 7. The rights provided by this section ~~shall be~~ are in
16 27 addition to all other rights allowed by law to a creditor
16 28 against ~~the creditor's a~~ debtor.
16 29 8. ~~Where If~~ a lien is on goods stored by a merchant in the
16 30 course of ~~the merchant's its~~ business, the lien may be
16 31 enforced in accordance with ~~either~~ subsection 1 or 2.
16 32 9. ~~The A warehouse operator~~ is liable for damages caused
16 33 by failure to comply with the requirements for sale under this
16 34 section and, in case of willful violation, is liable for

16 35 conversion.
17 1 Sec. 17. Section 554.7301, Code 2007, is amended to read
17 2 as follows:
17 3 554.7301 LIABILITY FOR NONRECEIPT OR MISDESCRIPTION ==
17 4 "SAID TO CONTAIN" == "SHIPPER'S WEIGHT, LOAD, AND COUNT" ==
17 5 IMPROPER HANDLING.
17 6 1. A consignee of a nonnegotiable bill ~~who of lading which~~
17 7 has given value in good faith, or a holder to ~~whom which a~~
17 8 negotiable bill has been duly negotiated, ~~relying in either~~
17 9 ~~case~~ upon the description ~~therein~~ of the goods, ~~in the bill~~ or
17 10 upon the date ~~therein~~ shown in the bill, may recover from the
17 11 issuer damages caused by the misdating of the bill or the
17 12 nonreceipt or misdescription of the goods, except to the
17 13 extent that the ~~document bill~~ indicates that the issuer does
17 14 not know whether any part or all of the goods in fact were
17 15 received or conform to the description, ~~as where such as in a~~
17 16 ~~case in which~~ the description is in terms of marks or labels
17 17 or kind, quantity, or condition or the receipt or description
17 18 is qualified by "contents or condition of contents of packages
17 19 unknown", "said to contain", "shipper's weight, load, and
17 20 count", ~~or the like words of similar import~~, if ~~such that~~
17 21 indication ~~be is~~ true.
17 22 2. ~~When If~~ goods are loaded by ~~an the issuer who is a~~
17 23 ~~common carrier, the of a bill of lading;~~
17 24 a. ~~the issuer must shall~~ count the packages of goods if
17 25 ~~package freight shipped in packages~~ and ascertain the kind and
17 26 quantity if ~~shipped in bulk freight. In such cases; and~~
17 27 b. ~~words such as~~ "shipper's weight, load, and count", or
17 28 ~~other words of similar import~~ indicating that the description
17 29 was made by the shipper are ineffective except as to ~~freight~~
17 30 ~~goods concealed by in packages.~~
17 31 3. ~~When If~~ bulk ~~freight is~~ goods are loaded by a shipper
17 32 ~~who that~~ makes available to the issuer ~~of a bill of lading~~
17 33 adequate facilities for weighing ~~such freight those goods, an~~
17 34 ~~the issuer who is a common carrier must shall~~ ascertain the
17 35 kind and quantity within a reasonable time after receiving the
18 1 ~~written shipper's request of the shipper in a record to do so.~~
18 2 In ~~such cases that case,~~ "shipper's weight" or ~~other~~ words of
18 3 ~~like purport similar import~~ are ineffective.
18 4 4. The issuer ~~may of a bill of lading, by inserting~~
18 5 ~~including~~ in the bill the words "shipper's weight, load, and
18 6 count", or ~~other~~ words of ~~like purport similar import, may~~
18 7 indicate that the goods were loaded by the shipper~~+, and, if~~
18 8 ~~such that~~ statement ~~be is~~ true, the issuer ~~shall is not be~~
18 9 liable for damages caused by the improper loading. ~~But their~~
18 10 ~~However,~~ omission of such words does not imply liability for
18 11 ~~such damages caused by improper loading.~~
18 12 5. ~~The A~~ shipper ~~shall be deemed to have guaranteed~~
18 13 ~~guarantees to the an~~ issuer the accuracy at the time of
18 14 shipment of the description, marks, labels, number, kind,
18 15 quantity, condition, and weight, as furnished by the shipper~~+,~~
18 16 and the shipper shall indemnify the issuer against damage
18 17 caused by inaccuracies in ~~such those~~ particulars. ~~The This~~
18 18 right of ~~the issuer to such~~ indemnity ~~shall in no way does not~~
18 19 limit the issuer's responsibility ~~and or~~ liability under the
18 20 contract of carriage to any person other than the shipper.
18 21 Sec. 18. Section 554.7302, Code 2007, is amended to read
18 22 as follows:
18 23 554.7302 THROUGH BILLS OF LADING AND SIMILAR DOCUMENTS OF
18 24 TITLE.
18 25 1. The issuer of a through bill of lading, or other
18 26 document of title embodying an undertaking to be performed in
18 27 part by ~~persons a person~~ acting as its ~~agents agent~~ or by
18 28 ~~connecting carriers a performing carrier,~~ is liable to ~~anyone~~
18 29 ~~any person~~ entitled to recover on the ~~bill or other~~ document
18 30 for any breach by ~~such the other persons person or by a~~
18 31 ~~connecting the performing~~ carrier of its obligation under the
18 32 ~~bill or other document but,~~ ~~However,~~ to the extent that the
18 33 ~~bill or other document~~ covers an undertaking to be performed
18 34 overseas or in territory not contiguous to the continental
18 35 United States or an undertaking including matters other than
19 1 transportation, this liability for breach by the other person
19 2 or the performing carrier may be varied by agreement of the
19 3 parties.
19 4 2. ~~Where If~~ goods covered by a through bill of lading or
19 5 other document of title embodying an undertaking to be
19 6 performed in part by ~~persons a person~~ other than the issuer
19 7 are received by ~~any such that~~ person, ~~that the~~ person is
19 8 subject, with respect to ~~that person's its~~ own performance
19 9 while the goods are in ~~that person's its~~ possession, to the
19 10 obligation of the issuer. ~~That The~~ person's obligation is

19 11 discharged by delivery of the goods to another ~~such~~ person
19 12 pursuant to the bill or other document; and does not include
19 13 liability for breach by any other ~~such persons~~ person or by
19 14 the issuer.

19 15 3. The issuer of ~~such a~~ through bill of lading or other
19 16 document ~~shall be of title described in subsection 1 is~~
19 17 entitled to recover from the ~~connecting~~ performing carrier, or
19 18 ~~such~~ other person in possession of the goods when the breach
19 19 of the obligation under the bill or other document occurred;
19 20 ~~the:~~

19 21 a. ~~the~~ amount it may be required to pay to ~~anyone~~ any
19 22 person entitled to recover on the bill or other document
19 23 ~~therefor for the breach~~, as may be evidenced by any receipt,
19 24 judgment, or transcript ~~thereof, of judgment;~~ and
19 25 b. the amount of any expense reasonably incurred by ~~it the~~
19 26 issuer in defending any action brought commenced by anyone any
19 27 person entitled to recover on the bill or other document
19 28 ~~therefor for the breach.~~

19 29 Sec. 19. Section 554.7303, Code 2007, is amended to read
19 30 as follows:
19 31 554.7303 DIVERSION == RECONSIGNMENT == CHANGE OF
19 32 INSTRUCTIONS.

19 33 1. Unless the bill of lading otherwise provides, ~~the a~~
19 34 carrier may deliver the goods to a person or destination other
19 35 than that stated in the bill or may otherwise dispose of the
20 1 goods, without liability for misdelivery, on instructions
20 2 from:

20 3 a. the holder of a negotiable bill; ~~or~~
20 4 b. the consignor on a nonnegotiable bill notwithstanding,
20 5 even if the consignee has given contrary instructions ~~from the~~
20 6 ~~consignee; or~~

20 7 c. the consignee on a nonnegotiable bill in the absence of
20 8 contrary instructions from the consignor, if the goods have
20 9 arrived at the billed destination or if the consignee is in
20 10 possession of the tangible bill or in control of the
20 11 electronic bill; or

20 12 d. the consignee on a nonnegotiable bill if the consignee
20 13 is entitled as against the consignor to dispose of ~~them the~~
20 14 goods.

20 15 2. Unless ~~such~~ instructions described in subsection 1 are
20 16 noted on included in a negotiable bill of lading, a person to
20 17 ~~whom which~~ the bill is duly negotiated ~~can may~~ hold the bailee
20 18 according to the original terms.

20 19 Sec. 20. Section 554.7304, Code 2007, is amended to read
20 20 as follows:
20 21 554.7304 TANGIBLE BILLS OF LADING IN A SET.

20 22 1. Except ~~where as~~ customary in ~~overseas~~ international
20 23 transportation, a tangible bill of lading ~~must~~ may not be
20 24 issued in a set of parts. The issuer is liable for damages
20 25 caused by violation of this subsection.

20 26 2. ~~Where If a~~ tangible bill of lading is lawfully drawn
20 27 issued in a set of parts, each of which is numbered contains
20 28 an identification code and is expressed to be valid only if
20 29 the goods have not been delivered against any other part, the
20 30 whole of the parts ~~constitute~~ constitutes one bill.

20 31 3. ~~Where If a~~ tangible negotiable bill of lading is
20 32 lawfully issued in a set of parts and different parts are
20 33 negotiated to different persons, the title of the holder to
20 34 ~~whom which~~ the first due negotiation is made prevails as to
20 35 both the document of title and the goods even ~~though if~~ any
21 1 later holder may have received the goods from the carrier in
21 2 good faith and discharged the carrier's obligation by
21 3 ~~surrender of the later holder's~~ surrendering its part.

21 4 4. ~~Any A~~ person ~~who that~~ negotiates or transfers a single
21 5 part of a tangible bill of lading drawn issued in a set is
21 6 liable to holders of that part as if it were the whole set.

21 7 5. The bailee ~~is obliged to~~ shall deliver in accordance
21 8 with Part 4 ~~of this Article~~ against the first presented part
21 9 of a tangible bill of lading lawfully drawn issued in a set.
21 10 ~~Such delivery~~ Delivery in this manner discharges the bailee's
21 11 obligation on the whole bill.

21 12 Sec. 21. Section 554.7305, Code 2007, is amended to read
21 13 as follows:
21 14 554.7305 DESTINATION BILLS.

21 15 1. Instead of issuing a bill of lading to the consignor at
21 16 the place of shipment, a carrier, ~~may~~ at the request of the
21 17 consignor, may procure the bill to be issued at destination or
21 18 at any other place designated in the request.

21 19 2. Upon request of ~~anyone~~ any person entitled as against
21 20 ~~the a~~ carrier to control the goods while in transit and on
21 21 surrender of possession or control of any outstanding bill of

21 22 lading or other receipt covering ~~such the~~ goods, the issuer,
21 23 ~~subject to section 554.7105,~~ may procure a substitute bill to
21 24 be issued at any place designated in the request.
21 25 Sec. 22. Section 554.7307, Code 2007, is amended to read
21 26 as follows:
21 27 554.7307 LIEN OF CARRIER.
21 28 1. A carrier has a lien on the goods covered by a bill of
21 29 lading ~~or on the proceeds thereof in its possession for~~
21 30 charges ~~subsequent to after~~ the date of ~~its the~~ carrier's
21 31 receipt of the goods for storage or transportation ~~(including,~~
21 32 ~~including~~ demurrage and terminal ~~charges)~~ charges, and for
21 33 expenses necessary for preservation of the goods incident to
21 34 their transportation or reasonably incurred in their sale
21 35 pursuant to law. ~~But However,~~ against a purchaser for value
22 1 of a negotiable bill of lading, a carrier's lien is limited to
22 2 charges stated in the bill or the applicable tariffs, or, if
22 3 no charges are stated, ~~then to~~ a reasonable charge.
22 4 2. A lien for charges and expenses under subsection 1 on
22 5 goods ~~which that~~ the carrier was required by law to receive
22 6 for transportation is effective against the consignor or any
22 7 person entitled to the goods unless the carrier had notice
22 8 that the consignor lacked authority to subject the goods to
22 9 ~~such those~~ charges and expenses. Any other lien under
22 10 subsection 1 is effective against the consignor and any person
22 11 ~~who that~~ permitted the bailor to have control or possession of
22 12 the goods unless the carrier had notice that the bailor lacked
22 13 ~~such~~ authority.
22 14 3. A carrier loses ~~the carrier's its~~ lien on any goods
22 15 ~~which the carrier that it~~ voluntarily delivers or ~~which the~~
22 16 ~~carrier~~ unjustifiably refuses to deliver.
22 17 Sec. 23. Section 554.7308, Code 2007, is amended to read
22 18 as follows:
22 19 554.7308 ENFORCEMENT OF CARRIER'S LIEN.
22 20 1. A carrier's lien ~~on goods~~ may be enforced by public or
22 21 private sale of the goods, in ~~bulk~~ bulk or in ~~parcels~~
22 22 ~~packages~~, at any time or place and on any terms ~~which that~~ are
22 23 commercially reasonable, after notifying all persons known to
22 24 claim an interest in the goods. ~~Such The~~ notification must
22 25 include a statement of the amount due, the nature of the
22 26 proposed sale, and the time and place of any public sale. The
22 27 fact that a better price could have been obtained by a sale at
22 28 a different time or in a ~~different~~ method ~~different~~ from that
22 29 selected by the carrier is not of itself sufficient to
22 30 establish that the sale was not made in a commercially
22 31 reasonable manner. ~~If The carrier sells goods in a~~
22 32 ~~commercially reasonable manner if~~ the carrier ~~either~~ sells the
22 33 goods in the usual manner in any recognized market therefor,
22 34 ~~or if the carrier~~ sells at the price current in ~~such that~~
22 35 market at the time of the ~~carrier's~~ sale, or ~~if the carrier~~
23 1 ~~has otherwise sold~~ sells in conformity with commercially
23 2 reasonable practices among dealers in the type of goods sold
23 3 ~~the carrier has sold in a commercially reasonable manner.~~ A
23 4 sale of more goods than apparently necessary to be offered to
23 5 ensure satisfaction of the obligation is not commercially
23 6 reasonable, except in cases covered by the preceding sentence.
23 7 2. Before any sale pursuant to this section, any person
23 8 claiming a right in the goods may pay the amount necessary to
23 9 satisfy the lien and the reasonable expenses incurred ~~under in~~
23 10 ~~complying with~~ this section. In that event, the goods ~~must~~
23 11 ~~may~~ not be sold, but must be retained by the carrier, subject
23 12 to the terms of the bill of lading and this Article.
23 13 3. ~~The A~~ carrier may buy at any public sale pursuant to
23 14 this section.
23 15 4. A purchaser in good faith of goods sold to enforce a
23 16 carrier's lien takes the goods free of any rights of persons
23 17 against ~~whom which~~ the lien was valid, despite ~~the carrier's~~
23 18 ~~noncompliance by the carrier with the requirements of with~~
23 19 this section.
23 20 5. ~~The A~~ carrier may satisfy ~~the carrier's its~~ lien from
23 21 the proceeds of any sale pursuant to this section but ~~must~~
23 22 ~~shall~~ hold the balance, if any, for delivery on demand to any
23 23 person to ~~whom which~~ the carrier would have been bound to
23 24 deliver the goods.
23 25 6. The rights provided by this section ~~shall be~~ are in
23 26 addition to all other rights allowed by law to a creditor
23 27 against ~~the creditor's~~ a debtor.
23 28 7. A carrier's lien may be enforced ~~in accordance with~~
23 29 ~~pursuant to~~ either subsection 1 or the procedure set forth in
23 30 ~~subsection 2 of~~ section 554.7210, ~~subsection 2.~~
23 31 8. ~~The A~~ carrier is liable for damages caused by failure
23 32 to comply with the requirements for sale under this section

23 33 and, in case of willful violation, is liable for conversion.
23 34 Sec. 24. Section 554.7309, Code 2007, is amended to read
23 35 as follows:
24 1 554.7309 DUTY OF CARE == CONTRACTUAL LIMITATION OF
24 2 CARRIER'S LIABILITY.
24 3 1. A carrier ~~who that~~ issues a bill of lading, whether
24 4 negotiable or nonnegotiable ~~must, shall~~ exercise the degree of
24 5 care in relation to the goods which a reasonably careful
24 6 person would exercise under ~~like similar~~ circumstances. This
24 7 subsection does not ~~repeal or change affect any law or~~
24 8 ~~statute, regulation, or rule of law which that~~ imposes
24 9 liability upon a common carrier for damages not caused by its
24 10 negligence.
24 11 2. Damages may be limited by a ~~provision term in the bill~~
24 12 ~~of lading or in a transportation agreement~~ that the carrier's
24 13 liability ~~shall may~~ not exceed a value stated in the ~~document~~
24 14 ~~bill or transportation agreement~~ if the carrier's rates are
24 15 dependent upon value and the consignor ~~by the carrier's tariff~~
24 16 is afforded an opportunity to declare a higher value ~~or a~~
24 17 ~~value as lawfully provided in the tariff, or where no tariff~~
24 18 ~~is filed and~~ the consignor is ~~otherwise~~ advised of ~~such the~~
24 19 opportunity; ~~but no.~~ However, such a limitation is ~~not~~
24 20 effective with respect to the carrier's liability for
24 21 conversion to its own use.
24 22 3. Reasonable provisions as to the time and manner of
24 23 presenting claims and ~~instituting~~ commencing actions based on
24 24 the shipment may be included in a bill of lading or ~~tariff a~~
24 25 ~~transportation agreement.~~
24 26 Sec. 25. Section 554.7401, Code 2007, is amended to read
24 27 as follows:
24 28 554.7401 IRREGULARITIES IN ISSUE OF RECEIPT OR BILL OR
24 29 CONDUCT OF ISSUER.
24 30 The obligations imposed by this Article on an issuer apply
24 31 to a document of title ~~regardless of the fact that even if:~~
24 32 1. the document ~~may does~~ not comply with the requirements
24 33 of this Article or of any other ~~law statute, rule, or~~
24 34 regulation regarding its ~~issue issuance~~, form, or content; ~~or~~
24 35 2. the issuer ~~may have~~ violated laws regulating the
25 1 conduct of ~~the issuer's its~~ business; ~~or~~
25 2 3. the goods covered by the document were owned by the
25 3 bailee ~~at the time when~~ the document was issued; or
25 4 4. the person issuing the document ~~does not come within~~
25 5 ~~the definition of is not a warehouse operator if it but the~~
25 6 ~~document purports to be a warehouse receipt.~~
25 7 Sec. 26. Section 554.7402, Code 2007, is amended to read
25 8 as follows:
25 9 554.7402 ~~DUPLICATE RECEIPT OR BILL~~ DOCUMENT OF TITLE ==
25 10 OVERISSUE.
25 11 ~~Neither a A duplicate nor or~~ any other document of title
25 12 purporting to cover goods already represented by an
25 13 outstanding document of the same issuer ~~confers does not~~
25 14 ~~confer~~ any right in the goods, except as provided in the case
25 15 of tangible bills of lading in a set of parts, overissue of
25 16 documents for fungible goods, ~~and~~ substitutes for lost,
25 17 stolen, or destroyed documents, ~~or substitute documents issued~~
25 18 ~~pursuant to section 554.7105. But the~~ The issuer is liable
25 19 for damages caused by ~~the issuer's its~~ overissue or failure to
25 20 identify a duplicate document ~~as such by a~~ conspicuous
25 21 notation ~~on its face.~~
25 22 Sec. 27. Section 554.7403, Code 2007, is amended to read
25 23 as follows:
25 24 554.7403 ~~OBLIGATION OF WAREHOUSE OPERATOR OR CARRIER~~
25 25 BAILEE TO DELIVER == EXCUSE.
25 26 1. ~~The A~~ bailee ~~must shall~~ deliver the goods to a person
25 27 entitled under ~~the a~~ document ~~who of title if the person~~
25 28 complies with subsections 2 and 3, unless and to the extent
25 29 that the bailee establishes any of the following:
25 30 a. delivery of the goods to a person whose receipt was
25 31 rightful as against the claimant;
25 32 b. damage to or delay, loss, or destruction of the goods
25 33 for which the bailee is not liable, ~~but the burden of~~
25 34 ~~establishing negligence in such cases is on the person~~
25 35 ~~entitled under the document;~~
26 1 c. previous sale or other disposition of the goods in
26 2 lawful enforcement of a lien or on ~~the warehouse operator's a~~
26 3 ~~warehouse's~~ lawful termination of storage;
26 4 d. the exercise by a seller of ~~the seller's its~~ right to
26 5 stop delivery pursuant to ~~the provisions of the Article on~~
26 6 ~~Sales (section 554.2705) section 554.2705 or by a lessor of~~
26 7 ~~its right to stop delivery pursuant to section 554.13526;~~
26 8 e. a diversion, reconsignment, or other disposition

26 9 pursuant to the provisions of this Article (~~section 554.7303~~)
26 10 ~~or tariff regulating such right section 554.7303;~~
26 11 f. release, satisfaction or any other ~~fact~~ affording a
26 12 personal defense against the claimant; or
26 13 g. any other lawful excuse.
26 14 2. A person claiming goods covered by a document of title
26 15 ~~must shall~~ satisfy the bailee's lien ~~where if~~ the bailee so
26 16 requests or ~~where if~~ the bailee is prohibited by law from
26 17 delivering the goods until the charges are paid.
26 18 3. Unless ~~the a~~ person claiming ~~the goods is one a person~~
26 19 ~~against whom which~~ the document ~~confers no of title does not~~
26 20 ~~confer a right under section 554.7503, subsection 1, that:~~
26 21 a. ~~the person must claiming under a document shall~~
26 22 ~~surrender possession or control of any outstanding negotiable~~
26 23 ~~document covering the goods for cancellation or notation~~
26 24 ~~indication of partial deliveries any outstanding negotiable~~
26 25 ~~document covering the goods, and the bailee must cancel the~~
26 26 ~~document or conspicuously note the partial delivery thereon or~~
26 27 ~~be liable to any person to whom the document is duly~~
26 28 ~~negotiated.; and~~
26 29 b. ~~the bailee shall cancel the document or conspicuously~~
26 30 ~~indicate in the document the partial delivery or the bailee is~~
26 31 ~~liable to any person to which the document is duly negotiated.~~
26 32 4. ~~"Person entitled under the document" means holder in~~
26 33 ~~the case of a negotiable document, or the person to whom~~
26 34 ~~delivery is to be made by the terms of or pursuant to written~~
26 35 ~~instructions under a nonnegotiable document.~~
27 1 Sec. 28. Section 554.7404, Code 2007, is amended to read
27 2 as follows:
27 3 554.7404 NO LIABILITY FOR ~~GOOD FAITH~~ GOOD=FAITH DELIVERY
27 4 PURSUANT TO RECEIPT OR BILL DOCUMENT OF TITLE.
27 5 A bailee ~~who that~~ in good faith ~~including observance of~~
27 6 ~~reasonable commercial standards~~ has received goods and
27 7 delivered or otherwise disposed of ~~them the goods~~ according to
27 8 the terms of ~~the a~~ document of title or pursuant to this
27 9 Article is not liable ~~therefor. This rule applies even though~~
27 10 ~~for the goods even if:~~
27 11 1. ~~the person from whom which~~ the bailee received the
27 12 goods ~~had no did not have~~ authority to procure the document or
27 13 to dispose of the goods ~~and even though; or~~
27 14 2. ~~the person to whom which~~ the bailee delivered the goods
27 15 ~~had no did not have~~ authority to receive ~~them the goods~~.
27 16 Sec. 29. Section 554.7501, Code 2007, is amended to read
27 17 as follows:
27 18 554.7501 FORM OF NEGOTIATION AND REQUIREMENTS OF ~~"DUE~~
27 19 ~~NEGOTIATION"~~ DUE NEGOTIATION.
27 20 1. ~~A The following rules apply to a negotiable tangible~~
27 21 ~~document of title running:~~
27 22 a. ~~If the document's original terms run to the order of a~~
27 23 ~~named person, the document is negotiated by that the named~~
27 24 ~~person's endorsement indorsement and delivery. After that the~~
27 25 ~~named person's endorsement indorsement in blank or to bearer,~~
27 26 ~~any person can may negotiate it the document by delivery~~
27 27 ~~alone.~~
27 28 2. ~~a. b. A negotiable document of title is also~~
27 29 ~~negotiated by delivery alone when by its If the document's~~
27 30 ~~original terms it runs run to bearer, it is negotiated by~~
27 31 ~~delivery alone.~~
27 32 b. ~~c. When a document running If the document's original~~
27 33 ~~terms run to the order of a named person and it is delivered~~
27 34 ~~to the named person, the effect is the same as if the document~~
27 35 ~~had been negotiated.~~
28 1 3. ~~d. Negotiation of a negotiable the document of title~~
28 2 ~~after it has been endorsed indorsed to a specified named~~
28 3 ~~person requires endorsement indorsement by the special~~
28 4 ~~endorsee as well as named person and delivery.~~
28 5 4. ~~e. A negotiable document of title is "duly negotiated"~~
28 6 ~~when "duly negotiated" if it is negotiated in the manner~~
28 7 ~~stated in this section subsection to a holder who that~~
28 8 ~~purchases it in good faith, without notice of any defense~~
28 9 ~~against or claim to it on the part of any person, and for~~
28 10 ~~value, unless it is established that the negotiation is not in~~
28 11 ~~the regular course of business or financing or involves~~
28 12 ~~receiving the document in settlement or payment of a money~~
28 13 ~~monetary obligation.~~
28 14 2. ~~The following rules apply to a negotiable electronic~~
28 15 ~~document of title:~~
28 16 a. ~~If the document's original terms run to the order of a~~
28 17 ~~named person or to bearer, the document is negotiated by~~
28 18 ~~delivery of the document to another person. Indorsement by~~
28 19 ~~the named person is not required to negotiate the document.~~

28 20 b. If the document's original terms run to the order of a
28 21 named person and the named person has control of the document,
28 22 the effect is the same as if the document had been negotiated.
28 23 c. A document is duly negotiated if it is negotiated in
28 24 the manner stated in this subsection to a holder that
28 25 purchases it in good faith, without notice of any defense
28 26 against or claim to it on the part of any person, and for
28 27 value, unless it is established that the negotiation is not in
28 28 the regular course of business or financing or involves taking
28 29 delivery of the document in settlement or payment of a
28 30 monetary obligation.

28 31 5- 3. ~~Endorsement~~ Indorsement of a nonnegotiable document
28 32 of title neither makes it negotiable nor adds to the
28 33 transferee's rights.

28 34 6- 4. The naming in a negotiable bill of lading of a
28 35 person to be notified of the arrival of the goods does not
29 1 limit the negotiability of the bill nor or constitute notice
29 2 to a purchaser thereof of the bill of any interest of such
29 3 that person in the goods.

29 4 Sec. 30. Section 554.7502, subsection 1, unnumbered
29 5 paragraph 1, Code 2007, is amended to read as follows:

29 6 Subject to the following section and to the provisions of
29 7 section sections 554.7205 on fungible goods and 554.7503, a
29 8 holder to whom which a negotiable document of title has been
29 9 duly negotiated acquires thereby:

29 10 Sec. 31. Section 554.7502, subsection 1, paragraph d, Code
29 11 2007, is amended to read as follows:

29 12 d. the direct obligation of the issuer to hold or deliver
29 13 the goods according to the terms of the document free of any
29 14 defense or claim by the issuer except those arising under the
29 15 terms of the document or under this Article. ~~In, but in the~~
29 16 case of a delivery order, the bailee's obligation accrues only
29 17 upon the bailee's acceptance of the delivery order and the
29 18 obligation acquired by the holder is that the issuer and any
29 19 endorser indorser will procure the acceptance of the bailee.

29 20 Sec. 32. Section 554.7502, subsection 2, Code 2007, is
29 21 amended to read as follows:

29 22 2. Subject to the following section 554.7503, title and
29 23 rights so acquired by due negotiation are not defeated by any
29 24 stoppage of the goods represented by the document of title or
29 25 by surrender of such the goods by the bailee, and are not
29 26 impaired even though if:

29 27 a. the due negotiation or any prior due negotiation
29 28 constituted a breach of duty or even though;

29 29 b. any person has been deprived of possession of the a
29 30 negotiable tangible document or control of a negotiable

29 31 electronic document by misrepresentation, fraud, accident,
29 32 mistake, duress, loss, theft, or conversion; or even though

29 33 c. a previous sale or other transfer of the goods or
29 34 document has been made to a third person.

29 35 Sec. 33. Section 554.7503, Code 2007, is amended to read
30 1 as follows:

30 2 554.7503 DOCUMENT OF TITLE TO GOODS DEFEATED IN CERTAIN
30 3 CASES.

30 4 1. A document of title confers no right in goods against a
30 5 person who that before issuance of the document had a legal
30 6 interest or a perfected security interest in them and who
30 7 neither in the goods and that did not:

30 8 a. delivered deliver or entrusted them entrust the goods
30 9 or any document of title covering them the goods to the bailor
30 10 or the bailor's nominee with;

30 11 (1) actual or apparent authority to ship, store, or sell
30 12 or with;

30 13 (2) power to obtain delivery under this Article (section
30 14 554.7403) section 554.7403; or with

30 15 (3) power of disposition under this chapter (sections
30 16 sections 554.2403 and 554.9320), 554.9320, 554.9321,

30 17 subsection 3, 554.13304, subsection 2, or 554.13305,
30 18 subsection 2, or other statute or rule of law; nor or

30 19 b. acquiesced acquiesce in the procurement by the bailor
30 20 or the bailor's its nominee of any document of title.

30 21 2. Title to goods based upon an unaccepted delivery order
30 22 is subject to the rights of anyone any person to whom which a
30 23 negotiable warehouse receipt or bill of lading covering the
30 24 goods has been duly negotiated. Such a That title may be
30 25 defeated under the next section 554.7504 to the same extent as
30 26 the rights of the issuer or a transferee from the issuer.

30 27 3. Title to goods based upon a bill of lading issued to a
30 28 freight forwarder is subject to the rights of anyone any
30 29 person to whom which a bill issued by the freight forwarder is
30 30 duly negotiated; but, However, delivery by the carrier in

30 31 accordance with Part 4 ~~of this Article~~ pursuant to its own
 30 32 bill of lading discharges the carrier's obligation to deliver.
 30 33 Sec. 34. Section 554.7504, Code 2007, is amended to read
 30 34 as follows:
 30 35 554.7504 RIGHTS ACQUIRED IN ~~THE~~ ABSENCE OF DUE NEGOTIATION
 31 1 == EFFECT OF DIVERSION == ~~SELLER'S~~ STOPPAGE OF DELIVERY.
 31 2 1. A transferee of a document of title, whether negotiable
 31 3 or nonnegotiable, to ~~whom~~ which the document has been
 31 4 delivered but not duly negotiated, acquires the title and
 31 5 rights ~~which the transferee's~~ that its transferor had or had
 31 6 actual authority to convey.
 31 7 2. In the case of a transfer of a nonnegotiable document
 31 8 of title, until but not after the bailee receives ~~notification~~
 31 9 notice of the transfer, the rights of the transferee may be
 31 10 defeated:
 31 11 a. by those creditors of the transferor who could treat
 31 12 the ~~sale~~ transfer as void under section 554.2402 or 554.13308;
 31 13 ~~or~~
 31 14 b. by a buyer from the transferor in ordinary course of
 31 15 business if the bailee has delivered the goods to the buyer or
 31 16 received notification of the buyer's rights; ~~or~~
 31 17 c. by a lessee from the transferor in ordinary course of
 31 18 business if the bailee has delivered the goods to the lessee
 31 19 or received notification of the lessee's rights; or
 31 20 d. as against the bailee, by good faith ~~good=faith~~
 31 21 dealings of the bailee with the transferor.
 31 22 3. A diversion or other change of shipping instructions by
 31 23 the consignor in a nonnegotiable bill of lading which causes
 31 24 the bailee not to deliver the goods to the consignee defeats
 31 25 the consignee's title to the goods if ~~they~~ the goods have been
 31 26 delivered to a buyer in ordinary course of business or a
 31 27 lessee in ordinary course of business and, in any event,
 31 28 defeats the consignee's rights against the bailee.
 31 29 4. Delivery of the goods pursuant to a nonnegotiable
 31 30 document of title may be stopped by a seller under section
 31 31 554.2705, and or a lessor under section 554.13526, subject to
 31 32 the ~~requirement~~ requirements of due notification ~~there~~
 31 33 provided in those sections. A bailee ~~honoring that~~ honors the
 31 34 seller's or lessor's instructions is entitled to be
 31 35 indemnified by the seller or lessor against any resulting loss
 32 1 or expense.
 32 2 Sec. 35. Section 554.7505, Code 2007, is amended to read
 32 3 as follows:
 32 4 554.7505 ~~ENDORSER~~ INDORSER NOT A GUARANTOR FOR OTHER
 32 5 PARTIES.
 32 6 The ~~endorsement~~ indorsement of a tangible document of title
 32 7 issued by a bailee does not make the ~~endorser~~ indorser liable
 32 8 for any default by the bailee or ~~by previous endorsers~~
 32 9 indorsers.
 32 10 Sec. 36. Section 554.7506, Code 2007, is amended to read
 32 11 as follows:
 32 12 554.7506 DELIVERY WITHOUT ~~ENDORSEMENT~~ INDORSEMENT == RIGHT
 32 13 TO COMPEL ~~ENDORSEMENT~~ INDORSEMENT.
 32 14 The transferee of a negotiable tangible document of title
 32 15 has a specifically enforceable right to have ~~the transferee's~~
 32 16 its transferor supply any necessary ~~endorsement~~ indorsement,
 32 17 but the transfer becomes a negotiation only as of the time the
 32 18 ~~endorsement~~ indorsement is supplied.
 32 19 Sec. 37. Section 554.7507, Code 2007, is amended to read
 32 20 as follows:
 32 21 554.7507 WARRANTIES ON NEGOTIATION OR ~~TRANSFER~~ DELIVERY OF
 32 22 ~~RECEIPT OR BILL~~ DOCUMENT OF TITLE.
 32 23 ~~Where If~~ a person negotiates or ~~transfers~~ delivers a
 32 24 document of title for value otherwise than as a mere
 32 25 intermediary under ~~the next following~~ section 554.7508, ~~then~~
 32 26 ~~unless otherwise agreed that person, the transferor, in~~
 32 27 addition to any warranty made in selling or leasing the goods,
 32 28 warranties to that person's ~~its~~ immediate purchaser only ~~in~~
 32 29 ~~addition to any warranty made in selling the goods that:~~
 32 30 a. 1. that the document is genuine; ~~and~~
 32 31 b. 2. that that person has no ~~the transferor does not~~
 32 32 have knowledge of any fact which that ~~that~~ would impair ~~its~~ the
 32 33 document's validity or worth; and
 32 34 c. 3. that that person's ~~the~~ negotiation or ~~transfer~~
 32 35 delivery is rightful and fully effective with respect to the
 33 1 title to the document and the goods it represents.
 33 2 Sec. 38. Section 554.7508, Code 2007, is amended to read
 33 3 as follows:
 33 4 554.7508 WARRANTIES OF COLLECTING BANK AS TO DOCUMENTS OF
 33 5 TITLE.
 33 6 A collecting bank or other intermediary known to be

33 7 entrusted with documents of title on behalf of another or with
33 8 collection of a draft or other claim against delivery of
33 9 documents warrants by ~~such the~~ delivery of the documents only
33 10 its own good faith and authority. ~~This rule applies even~~
33 11 ~~though if the collecting bank or other intermediary has~~
33 12 ~~purchased or made advances against the claim or draft to be~~
33 13 ~~collected.~~
33 14 Sec. 39. Section 554.7509, Code 2007, is amended to read
33 15 as follows:
33 16 554.7509 ~~RECEIPT OR BILL: WHEN ADEQUATE COMPLIANCE WITH~~
33 17 ~~COMMERCIAL CONTRACT.~~
33 18 ~~The question whether Whether a document of title is~~
33 19 ~~adequate to fulfill the obligations of a contract for sale, a~~
33 20 ~~contract for lease, or the conditions of a letter of credit is~~
33 21 ~~governed determined by the Articles on Sales (Article 2) and~~
33 22 ~~on Letters of Credit (Article 5) Article 2, 5, or 13.~~
33 23 Sec. 40. Section 554.7601, Code 2007, is amended to read
33 24 as follows:
33 25 554.7601 ~~LOST AND MISSING, STOLEN, OR DESTROYED DOCUMENTS~~
33 26 ~~OF TITLE.~~
33 27 1. If a document ~~has been~~ of title is lost, stolen, or
33 28 destroyed, a court may order delivery of the goods or issuance
33 29 of a substitute document and the bailee may without liability
33 30 to any person comply with ~~such the~~ order. If the document was
33 31 negotiable, a court may not order delivery of the goods or
33 32 issuance of a substitute document without the claimant must
33 33 post claimant's posting security approved by the court to
33 34 indemnify unless it finds that any person who that may suffer
33 35 loss as a result of nonsurrender of possession or control of
34 1 the document is adequately protected against the loss. If the
34 2 document was not negotiable, such security the court may be
34 3 required at the discretion of the court require security. The
34 4 court may also in its discretion order payment of the bailee's
34 5 reasonable costs and counsel attorney's fees in any action
34 6 under this subsection.
34 7 2. A bailee ~~who that~~, without a court order, delivers
34 8 goods to a person claiming under a missing negotiable document
34 9 of title is liable to any person injured thereby, ~~and if.~~ If
34 10 the delivery is not in good faith becomes, the bailee is
34 11 liable for conversion. Delivery in good faith is not
34 12 conversion if ~~made in accordance with a filed classification~~
34 13 ~~or tariff or, where no classification or tariff is filed, if~~
34 14 the claimant posts security with the bailee in an amount at
34 15 least double the value of the goods at the time of posting to
34 16 indemnify any person injured by the delivery who which files a
34 17 notice of claim within one year after the delivery.
34 18 3. ~~If a warehouse receipt has been lost or destroyed, the~~
34 19 ~~warehouse operator shall issue a duplicate upon receipt of:~~
34 20 a. ~~An affidavit that the warehouse receipt has been lost~~
34 21 ~~or destroyed.~~
34 22 b. ~~A bond in an amount at least double the value of the~~
34 23 ~~goods at the time of posting the bond, to indemnify any person~~
34 24 ~~injured by issuance of the duplicate warehouse receipt who~~
34 25 ~~files a notice of claim within one year after delivery of the~~
34 26 ~~goods.~~
34 27 ~~A duplicate warehouse receipt shall be plainly marked to~~
34 28 ~~indicate that it is a duplicate. A receipt plainly marked as~~
34 29 ~~a duplicate is a representation and warranty by the warehouse~~
34 30 ~~operator that the duplicate receipt is an accurate copy of an~~
34 31 ~~original receipt properly issued and uncanceled at the date of~~
34 32 ~~the issue of the duplicate, but shall impose upon the~~
34 33 ~~warehouse operator no other liability.~~
34 34 ~~A warehouse operator who in good faith delivers goods to~~
34 35 ~~the holder of a duplicate receipt issued in accordance with~~
35 1 ~~this subsection is liable to any person injured by the~~
35 2 ~~delivery, but only to the extent of the security posted in~~
35 3 ~~accordance with paragraph "b" of this subsection.~~
35 4 4. ~~If a warehouse receipt has been lost or destroyed, the~~
35 5 ~~depositor may either remove the goods from the warehouse or~~
35 6 ~~sell the goods to the warehouse operator after executing a~~
35 7 ~~lost warehouse receipt release on a form prescribed by the~~
35 8 ~~department of agriculture and land stewardship. The form~~
35 9 ~~shall include an affidavit stating that the warehouse receipt~~
35 10 ~~has been lost or destroyed, and the depositor's undertaking to~~
35 11 ~~indemnify the warehouse operator for any loss incurred as a~~
35 12 ~~result of the loss or destruction of the warehouse receipt.~~
35 13 ~~The form shall be filed with the department of agriculture and~~
35 14 ~~land stewardship.~~
35 15 5. ~~If a warehouse receipt has been lost or destroyed by a~~
35 16 ~~warehouse operator after delivery of the goods or purchase of~~
35 17 ~~the goods by the warehouse operator, the warehouse operator~~

~~35 18 shall execute and file with the department of agriculture and~~
~~35 19 land stewardship a notarized affidavit stating that the~~
~~35 20 warehouse receipt has been lost or destroyed by the warehouse~~
~~35 21 operator after delivery or purchase of the goods by the~~
~~35 22 warehouse operator. The form of the affidavit shall be~~
~~35 23 prescribed by the department of agriculture and land~~
~~35 24 stewardship.~~

35 25 Sec. 41. NEW SECTION. 554.7601A LOST, STOLEN, OR
35 26 DESTROYED DOCUMENTS == ADDITIONAL REQUIREMENTS.

35 27 1. a. If a warehouse receipt has been lost, stolen, or
35 28 destroyed, the warehouse shall issue a duplicate upon receipt
35 29 of:

35 30 (1) an affidavit that the warehouse receipt has been lost,
35 31 stolen, or destroyed.

35 32 (2) a bond in an amount at least double the value of the
35 33 goods at the time of posting the bond, to indemnify any person
35 34 injured by issuance of the duplicate warehouse receipt who
35 35 files a notice of claim within one year after delivery of the
36 1 goods.

36 2 b. A duplicate warehouse receipt shall be plainly marked
36 3 to indicate that it is a duplicate. A receipt plainly marked
36 4 as a duplicate is a representation and warranty by the
36 5 warehouse that the duplicate receipt is an accurate copy of an
36 6 original receipt properly issued and uncanceled at the date of
36 7 the issue of the duplicate, but shall not impose upon the
36 8 warehouse other liability.

36 9 c. A warehouse which in good faith delivers goods to the
36 10 holder of a duplicate receipt issued in accordance with this
36 11 subsection is liable to any person injured by the delivery,
36 12 but only to the extent of the security posted in accordance
36 13 with paragraph "b" of this subsection.

36 14 2. If a warehouse receipt has been lost, stolen, or
36 15 destroyed, the depositor may either remove the goods from the
36 16 warehouse facility or sell the goods to the warehouse after
36 17 executing a lost warehouse receipt release on a form
36 18 prescribed by the department of agriculture and land
36 19 stewardship. The form shall include an affidavit stating that
36 20 the warehouse receipt has been lost or destroyed, and the
36 21 depositor's undertaking to indemnify the warehouse for any
36 22 loss incurred as a result of the loss or destruction of the
36 23 warehouse receipt. The form shall be filed with the
36 24 department of agriculture and land stewardship.

36 25 3. If a warehouse receipt has been lost or destroyed by a
36 26 warehouse after delivery of the goods or purchase of the goods
36 27 by the warehouse, the warehouse shall execute and file with
36 28 the department of agriculture and land stewardship a notarized
36 29 affidavit stating that the warehouse receipt has been lost or
36 30 destroyed by the warehouse after delivery or purchase of the
36 31 goods by the warehouse. The form of the affidavit shall be
36 32 prescribed by the department of agriculture and land
36 33 stewardship.

36 34 Sec. 42. Section 554.7602, Code 2007, is amended to read
36 35 as follows:

37 1 554.7602 ATTACHMENT OF JUDICIAL PROCESS AGAINST GOODS
37 2 COVERED BY A NEGOTIABLE DOCUMENT OF TITLE.

~~37 3 Except where the Unless a document of title was originally~~
~~37 4 issued upon delivery of the goods by a person who had no that~~
~~37 5 did not have power to dispose of them, no a lien attaches does~~
~~37 6 not attach by virtue of any judicial process to goods in the~~
~~37 7 possession of a bailee for which a negotiable document of~~
~~37 8 title is outstanding unless possession or control of the~~
~~37 9 document be is first surrendered to the bailee or its the~~
~~37 10 document's negotiation is enjoined, and the. The bailee shall~~
~~37 11 may not be compelled to deliver the goods pursuant to process~~
~~37 12 until possession or control of the document is surrendered to~~
~~37 13 the bailee or impounded by to the court. One who purchases A~~
~~37 14 purchaser of the document for value without notice of the~~
~~37 15 process or injunction takes free of the lien imposed by~~
~~37 16 judicial process.~~

37 17 Sec. 43. Section 554.7603, Code 2007, is amended to read
37 18 as follows:

37 19 554.7603 CONFLICTING CLAIMS == INTERPLEADER.

~~37 20 If more than one person claims title to or possession of~~
~~37 21 the goods, the bailee is excused from delivery until the~~
~~37 22 bailee has had a reasonable time to ascertain the validity of~~
~~37 23 the adverse claims or to bring commence an action to compel~~
~~37 24 all claimants to interplead and may compel such interpleader,~~
~~37 25 for interpleader. The bailee may assert an interpleader~~
~~37 26 either in defending an action for nondelivery of the goods, or~~
~~37 27 by original action, whichever is appropriate.~~

37 28 Sec. 44. Section 554.10104, Code 2007, is repealed.

37 29 Sec. 45. APPLICABILITY. This Act applies to a document of
37 30 title that is issued or a bailment that arises on or after the
37 31 effective date of this Act. This Act does not apply to a
37 32 document of title that is issued or a bailment that arises
37 33 before the effective date of this Act even if the document of
37 34 title or bailment would be subject to this Act if the document
37 35 of title had been issued or bailment had arisen on or after
38 1 the effective date of this Act. This Act does not apply to a
38 2 right of action that has accrued before the effective date of
38 3 this Act.

38 4 Sec. 46. SAVINGS CLAUSE. A document of title issued or a
38 5 bailment that arises before the effective date of this Act and
38 6 the rights, obligations, and interests flowing from that
38 7 document or bailment are governed by any statute or other rule
38 8 amended or repealed by this Act as if amendment or repeal had
38 9 not occurred and may be terminated, completed, consummated, or
38 10 enforced under that statute or other rule.

38 11 DIVISION II
38 12 COORDINATING AMENDMENTS
38 13 PART A
38 14 ARTICLE 1

38 15 Sec. 47. Section 554.1201, subsections 5, 6, 10, 14, 15,
38 16 20, 25, 26, 27, 38, and 45, Code 2007, are amended to read as
38 17 follows:

38 18 5. "Bearer" means ~~the~~ a person in control of a negotiable
38 19 electronic document of title or a person in possession of an
38 20 instrument, a negotiable tangible document of title, or a
38 21 certificated security payable to bearer or endorsed in blank.

38 22 6. "Bill of lading" means a document of title evidencing
38 23 the receipt of goods for shipment issued by a person engaged
38 24 in the business of directly or indirectly transporting or
38 25 forwarding goods, ~~and includes an airbill. "Airbill" means a~~
38 26 ~~document serving for air transportation as a bill of lading~~
38 27 ~~does for marine or rail transportation, and includes an air~~
38 28 ~~consignment note or air waybill. The term does not include a~~
38 29 ~~warehouse receipt.~~

38 30 10. "Conspicuous" ~~—A, with reference to a term or clause~~
38 31 ~~is conspicuous when it is, means so written, displayed, or~~
38 32 ~~presented that a reasonable person against whom which it is to~~
38 33 ~~operate ought to have noticed it. Whether a term is~~
38 34 ~~"conspicuous" or not is a decision for the court. Conspicuous~~
38 35 ~~terms include the following:~~

39 1 a. ~~A printed a heading in capitals (as: "Nonnegotiable~~
39 2 ~~Bill of Lading") is conspicuous equal to or greater in size~~
39 3 ~~than the surrounding text, or in contrasting type, font, or~~
39 4 ~~color to the surrounding text of the same or lesser size; and~~

39 5 b. ~~Language language in the body of a form is~~
39 6 ~~"conspicuous" if it is record or display in larger or other~~
39 7 ~~contrasting type than the surrounding text, or in contrasting~~
39 8 ~~type, font, or color to the surrounding text of the same size,~~
39 9 ~~or set off from surrounding text of the same size by symbols~~
39 10 ~~or other marks that call attention to the language. But in a~~

39 11 ~~telegram any stated term is "conspicuous". Whether a term or~~
39 12 ~~clause is "conspicuous" or not is for decision by the court.~~

39 13 14. "Delivery" with respect to an electronic document of
39 14 title means voluntary transfer of control and with respect to
39 15 instruments, tangible documents of title, chattel paper, or
39 16 certificated securities means voluntary transfer of
39 17 possession.

39 18 15. "Document of title" ~~includes bill of lading, dock~~
39 19 ~~warrant, dock receipt, warehouse receipt or order for the~~
39 20 ~~delivery of goods, and also any other document which means a~~
39 21 ~~record that~~

39 22 a. in the regular course of business or financing is
39 23 treated as adequately evidencing that the person in possession
39 24 or control of it the record is entitled to receive, control,
39 25 hold, and dispose of the document record and the goods it the
39 26 record covers and

39 27 b. that purports to be issued by or addressed to a bailee
39 28 and to cover goods in the bailee's possession which are either
39 29 identified or are fungible portions of an identified mass.
39 30 The term includes a bill of lading, transport document, dock
39 31 warrant, dock receipt, warehouse receipt, and order for
39 32 delivery of goods.

39 33 To be a An electronic document of title means a document of
39 34 title evidenced by a record consisting of information stored
39 35 in an electronic medium. A tangible document of title means a
40 1 document must purport to be issued by or addressed to of title
40 2 evidenced by a bailee and purport to cover goods in the
40 3 bailee's possession which are either identified or are
40 4 fungible portions of an identified mass record consisting of

40 5 ~~information that is inscribed on a tangible medium.~~
40 6 20. "Holder", with respect to a negotiable instrument,
40 7 means:
40 8 a. ~~the person in possession if the of a negotiable~~
40 9 ~~instrument that is payable either to bearer or, in the case of~~
40 10 ~~an instrument payable to an identified person, if the~~
40 11 ~~identified that is the person is in possession;~~
40 12 b. ~~"Holder" with respect to the person in possession of a~~
40 13 ~~negotiable tangible document of title means the person in~~
40 14 ~~possession if the goods are deliverable either to bearer or to~~
40 15 ~~the order of the person in possession; or~~
40 16 c. ~~the person in control of a negotiable electronic~~
40 17 ~~document of title.~~
40 18 25. ~~A Subject to subsection 27, a person has "notice" of a~~
40 19 ~~fact when if the person~~
40 20 a. ~~the person~~ has actual knowledge of it; ~~or~~
40 21 b. ~~the person~~ has received a notice or notification of it;
40 22 or
40 23 c. from all the facts and circumstances known to the
40 24 person at the time in question, ~~the person~~ has reason to know
40 25 that it exists.
40 26 PARAGRAPH DIVIDED. A person "knows" or has "knowledge" of
40 27 a fact when ~~that the~~ person has actual knowledge of it.
40 28 "Discover" or "learn" or a word or phrase of similar import
40 29 refers to knowledge rather than to reason to know. The time
40 30 and circumstances under which a notice or notification may
40 31 cease to be effective are not determined by this chapter.
40 32 26. A person "notifies" or "gives" a notice or
40 33 notification to another person by taking such steps as may be
40 34 reasonably required to inform the other person in ordinary
40 35 course, whether or not ~~such the~~ other person actually comes to
41 1 know of it. ~~A Subject to subsection 27, a person "receives" a~~
41 2 ~~notice or notification when~~
41 3 a. it comes to that person's attention; or
41 4 b. it is duly delivered in a form reasonable under the
41 5 circumstances at the place of business through which the
41 6 contract was made or at ~~any other place another location~~ held
41 7 out by that person as the place for receipt of such
41 8 communications.
41 9 27. Notice, knowledge, or a notice or notification
41 10 received by an organization is effective for a particular
41 11 transaction from the time when it is brought to the attention
41 12 of the individual conducting that transaction, and in any
41 13 event, from the time when it would have been brought to ~~that~~
41 14 ~~the~~ individual's attention if the organization had exercised
41 15 due diligence. An organization exercises due diligence if it
41 16 maintains reasonable routines for communicating significant
41 17 information to the person conducting the transaction and there
41 18 is reasonable compliance with the routines. Due diligence
41 19 does not require an individual acting for the organization to
41 20 communicate information unless such communication is part of
41 21 ~~that the~~ individual's regular duties or ~~unless~~ the individual
41 22 has reason to know of the transaction and that the transaction
41 23 would be materially affected by the information.
41 24 38. "Send" in connection with any writing, record, or
41 25 notice means:
41 26 a. to deposit in the mail or deliver for transmission by
41 27 any other usual means of communication with postage or cost of
41 28 transmission provided for and properly addressed and, in the
41 29 case of an instrument, to an address specified thereon or
41 30 otherwise agreed, or if there be none to any address
41 31 reasonable under the circumstances; ~~or~~
41 32 b. ~~The receipt of in any writing other way to cause to be~~
41 33 ~~received any record or notice within the time at which it~~
41 34 ~~would have arrived if properly sent has the effect of a proper~~
41 35 ~~sending.~~
42 1 45. "Warehouse receipt" means a receipt document of title
42 2 issued by a person engaged in the business of storing goods
42 3 for hire.
42 4
42 5 PART B
42 6 ARTICLE 2
42 7 Sec. 48. Section 554.2103, subsection 3, Code 2007, is
42 8 amended to read as follows:
42 9 3. ~~The "Control" as provided in section 554.7106 and the~~
42 10 following definitions in other Articles apply to this Article:
42 11 "Check" Section 554.3104
42 12 "Consignee" Section 554.7102
42 13 "Consignor" Section 554.7102
42 14 "Consumer goods" Section 554.9102
42 15 "Dishonor" Section 554.3502
42 16 "Draft" Section 554.3104

42 16 Sec. 49. Section 554.2104, subsection 2, Code 2007, is
42 17 amended to read as follows:

42 18 2. "Financing agency" means a bank, finance company or
42 19 other person who in the ordinary course of business makes
42 20 advances against goods or documents of title or who by
42 21 arrangement with either the seller or the buyer intervenes in
42 22 ordinary course to make or collect payment due or claimed
42 23 under the contract for sale, as by purchasing or paying the
42 24 seller's draft or making advances against it or by merely
42 25 taking it for collection whether or not documents of title
42 26 accompany or are associated with the draft. "Financing
42 27 agency" includes also a bank or other person who similarly
42 28 intervenes between persons who are in the position of seller
42 29 and buyer in respect to the goods (section 554.2707).

42 30 Sec. 50. Section 554.2310, Code 2007, is amended to read
42 31 as follows:

42 32 554.2310 OPEN TIME FOR PAYMENT OR RUNNING OF CREDIT ==
42 33 AUTHORITY TO SHIP UNDER RESERVATION.

42 34 Unless otherwise agreed

42 35 a. payment is due at the time and place at which the buyer
43 1 is to receive the goods even though the place of shipment is
43 2 the place of delivery; and

43 3 b. if the seller is authorized to send the goods the
43 4 seller may ship them under reservation, and may tender the
43 5 documents of title, but the buyer may inspect the goods after
43 6 their arrival before payment is due unless such inspection is
43 7 inconsistent with the terms of the contract (section
43 8 554.2513); and

43 9 c. if delivery is authorized and made by way of documents
43 10 of title otherwise than by subsection "b" then payment is due
43 11 regardless of where the goods are to be received (i) at the
43 12 time and place at which the buyer is to receive delivery of
43 13 the tangible documents regardless of where the goods are or
43 14 (ii) at the time the buyer is to be received receive delivery
43 15 of the electronic documents and at the seller's place of
43 16 business or if none, the seller's residence; and

43 17 d. where the seller is required or authorized to ship the
43 18 goods on credit the credit period runs from the time of
43 19 shipment but ~~postdating~~ post-dating the invoice or delaying
43 20 its dispatch will correspondingly delay the starting of the
43 21 credit period.

43 22 Sec. 51. Section 554.2323, subsection 2, unnumbered
43 23 paragraph 1, Code 2007, is amended to read as follows:

43 24 Where in a case within subsection 1 a tangible bill of
43 25 lading has been issued in a set of parts, unless otherwise
43 26 agreed if the documents are not to be sent from abroad the
43 27 buyer may demand tender of the full set; otherwise only one
43 28 part of the bill of lading need be tendered. Even if the
43 29 agreement expressly requires a full set

43 30 Sec. 52. Section 554.2401, subsection 3, paragraphs a and
43 31 b, Code 2007, are amended to read as follows:

43 32 a. if the seller is to deliver a tangible document of
43 33 title, title passes at the time when and the place where the
43 34 seller delivers such documents and if the seller is to deliver
43 35 an electronic document of title, title passes when the seller
44 1 delivers the document; or

44 2 b. if the goods are at the time of contracting already
44 3 identified and no documents of title are to be delivered,
44 4 title passes at the time and place of contracting.

44 5 Sec. 53. Section 554.2503, subsection 4, paragraph b, Code
44 6 2007, is amended to read as follows:

44 7 b. tender to the buyer of a nonnegotiable document of
44 8 title or of a ~~written direction to record directing~~ the bailee
44 9 to deliver is sufficient tender unless the buyer seasonably
44 10 objects, and except as otherwise provided in Article 9 receipt
44 11 by the bailee of notification of the buyer's rights fixes
44 12 those rights as against the bailee and all third persons; but
44 13 risk of loss of the goods and of any failure by the bailee to
44 14 honor the nonnegotiable document of title or to obey the
44 15 direction remains on the seller until the buyer has had a
44 16 reasonable time to present the document or direction, and a
44 17 refusal by the bailee to honor the document or to obey the
44 18 direction defeats the tender.

44 19 Sec. 54. Section 554.2503, subsection 5, paragraph b, Code
44 20 2007, is amended to read as follows:

44 21 b. tender through customary banking channels is sufficient
44 22 and dishonor of a draft accompanying or associated with the
44 23 documents constitutes nonacceptance or rejection.

44 24 Sec. 55. Section 554.2505, subsection 1, paragraph b, Code
44 25 2007, is amended to read as follows:

44 26 b. a nonnegotiable bill of lading to the seller or the

44 27 seller's nominee reserves possession of the goods as security
44 28 but except in a case of conditional delivery (subsection 2 of
44 29 section 554.2507) a nonnegotiable bill of lading naming the
44 30 buyer as consignee reserves no security interest even though
44 31 the seller retains possession or control of the bill of
44 32 lading.
44 33 Sec. 56. Section 554.2505, subsection 2, Code 2007, is
44 34 amended to read as follows:
44 35 2. When shipment by the seller with reservation of a
45 1 security interest is in violation of the contract for sale it
45 2 constitutes an improper contract for transportation within the
45 3 preceding section but impairs neither the rights given to the
45 4 buyer by shipment and identification of the goods to the
45 5 contract nor the seller's powers as a holder of a negotiable
45 6 document of title.
45 7 Sec. 57. Section 554.2506, subsection 2, Code 2007, is
45 8 amended to read as follows:
45 9 2. The right to reimbursement of a financing agency which
45 10 has in good faith honored or purchased the draft under
45 11 commitment to or authority from the buyer is not impaired by
45 12 subsequent discovery of defects with reference to any relevant
45 13 document which was apparently regular ~~on its face~~.
45 14 Sec. 58. Section 554.2509, subsection 2, paragraphs a and
45 15 c, Code 2007, are amended to read as follows:
45 16 a. on the buyer's receipt of possession or control of a
45 17 negotiable document of title covering the goods; or
45 18 c. after the buyer's receipt of possession or control of a
45 19 nonnegotiable document of title or other ~~written~~ direction to
45 20 deliver in a record, as provided in ~~subsection 4 "b" of~~
45 21 section 554.2503, subsection 4, paragraph "b".
45 22 Sec. 59. Section 554.2605, subsection 2, Code 2007, is
45 23 amended to read as follows:
45 24 2. Payment against documents made without reservation of
45 25 rights precludes recovery of the payment for defects apparent
45 26 ~~on the face of in~~ the documents.
45 27 Sec. 60. Section 554.2705, subsection 2, paragraph c, Code
45 28 2007, is amended to read as follows:
45 29 c. such acknowledgment to the buyer by a carrier by
45 30 reshipment or as ~~a warehouse operator~~; or
45 31 Sec. 61. Section 554.2705, subsection 3, paragraph c, Code
45 32 2007, is amended to read as follows:
45 33 c. If a negotiable document of title has been issued for
45 34 goods the bailee is not obliged to obey a notification to stop
45 35 until surrender of possession or control of the document.

46 1 PART C

46 2 ARTICLE 4

46 3 Sec. 62. Section 554.4104, subsection 3, Code 2007, is
46 4 amended to read as follows:
46 5 3. The "Control" as provided in section 554.7106 and the
46 6 following definitions in other Articles apply to this Article:
46 7 "Acceptance" Section 554.3409
46 8 "Alteration" Section 554.3407
46 9 "Cashier's check" Section 554.3104
46 10 "Certificate of deposit" Section 554.3104
46 11 "Certified check" Section 554.3409
46 12 "Check" Section 554.3104
46 13 "Good faith" Section 554.3103
46 14 "Holder in due course" Section 554.3302
46 15 "Instrument" Section 554.3104
46 16 "Notice of dishonor" Section 554.3503
46 17 "Order" Section 554.3103
46 18 "Ordinary care" Section 554.3103
46 19 "Person entitled
46 20 to enforce" Section 554.3301
46 21 "Presentment" Section 554.3501
46 22 "Promise" Section 554.3103
46 23 "Prove" Section 554.3103
46 24 "Teller's check" Section 554.3104
46 25 "Unauthorized signature" Section 554.3403

46 26 Sec. 63. Section 554.4210, subsection 3, unnumbered
46 27 paragraph 1, Code 2007, is amended to read as follows:
46 28 Receipt by a collecting bank of a final settlement for an
46 29 item is a realization on its security interest in the item,
46 30 accompanying documents, and proceeds. So long as the bank
46 31 does not receive final settlement for the item or give up
46 32 possession of the item or possession or control of the
46 33 accompanying documents for purposes other than collection, the
46 34 security interest continues to that extent and is subject to
46 35 Article 9, but:

47 1 PART D

47 2 ARTICLE 8

47 3 Sec. 64. Section 554.8103, Code 2007, is amended by adding
47 4 the following new subsection:
47 5 NEW SUBSECTION. 7. A document of title is not a financial
47 6 asset unless section 554.8102, subsection 1, paragraph "i",
47 7 subparagraph (3) applies.

PART E
ARTICLE 9

47 10 Sec. 65. Section 554.9102, subsection 2, Code 2007, is
47 11 amended to read as follows:
47 12 2. DEFINITIONS IN OTHER ARTICLES. ~~The "Control" as~~
47 13 provided in section 554.7106 and the following definitions in
47 14 other Articles apply to this Article:

47 15 "Applicant"	Section 554.5102
47 16 "Beneficiary"	Section 554.5102
47 17 "Broker"	Section 554.8102
47 18 "Certificated security"	Section 554.8102
47 19 "Check"	Section 554.3104
47 20 "Clearing corporation"	Section 554.8102
47 21 "Contract for sale"	Section 554.2106
47 22 "Customer"	Section 554.4104
47 23 "Entitlement holder"	Section 554.8102
47 24 "Financial asset"	Section 554.8102
47 25 "Holder in due course"	Section 554.3302
47 26 "Issuer" (with respect	
47 27 to a letter of credit or	
47 28 letter-of-credit right)	Section 554.5102
47 29 "Issuer" (with respect	
47 30 to a security)	Section 554.8201
47 31 <u>"Issuer" (with respect</u>	
47 32 <u>to documents of title)</u>	<u>Section 554.7102</u>
47 33 "Lease"	Section 554.13103
47 34 "Lease agreement"	Section 554.13103
47 35 "Lease contract"	Section 554.13103
48 1 "Leasehold interest"	Section 554.13103
48 2 "Lessee"	Section 554.13103
48 3 "Lessee in ordinary	
48 4 course of business"	Section 554.13103
48 5 "Lessor"	Section 554.13103
48 6 "Lessor's residual	
48 7 interest"	Section 554.13103
48 8 "Letter of credit"	Section 554.5102
48 9 "Merchant"	Section 554.2104
48 10 "Negotiable instrument"	Section 554.3104
48 11 "Nominated person"	Section 554.5102
48 12 "Note"	Section 554.3104
48 13 "Proceeds of a letter	
48 14 of credit"	Section 554.5114
48 15 "Prove"	Section 554.3103
48 16 "Sale"	Section 554.2106
48 17 "Securities account"	Section 554.8501
48 18 "Securities intermediary"	Section 554.8102
48 19 "Security"	Section 554.8102
48 20 "Security certificate"	Section 554.8102
48 21 "Security entitlement"	Section 554.8102
48 22 "Uncertificated security"	Section 554.8102

48 23 Sec. 66. Section 554.9203, subsection 2, paragraph c,
48 24 subparagraph (4), Code 2007, is amended to read as follows:
48 25 (4) the collateral is deposit accounts, electronic chattel
48 26 paper, investment property, ~~or~~ letter-of-credit rights, ~~or~~
48 27 electronic documents, and the secured party has control under
48 28 section 554.7106, 554.9104, 554.9105, 554.9106, or 554.9107
48 29 pursuant to the debtor's security agreement.

48 30 Sec. 67. Section 554.9207, subsection 3, unnumbered
48 31 paragraph 1, Code 2007, is amended to read as follows:
48 32 Except as otherwise provided in subsection 4, a secured
48 33 party having possession of collateral or control of collateral
48 34 under section 554.7106, 554.9104, 554.9105, 554.9106, or
48 35 554.9107:

49 1 Sec. 68. Section 554.9208, subsection 2, paragraphs d and
49 2 e, Code 2007, are amended to read as follows:
49 3 d. a secured party having control of investment property
49 4 under section 554.8106, subsection 4, paragraph "b", or
49 5 section 554.9106, subsection 2, shall send to the securities
49 6 intermediary or commodity intermediary with which the security
49 7 entitlement or commodity contract is maintained an
49 8 authenticated record that releases the securities intermediary
49 9 or commodity intermediary from any further obligation to
49 10 comply with entitlement orders or directions originated by the
49 11 secured party; ~~and~~
49 12 e. a secured party having control of a letter-of-credit
49 13 right under section 554.9107 shall send to each person having

49 14 an unfulfilled obligation to pay or deliver proceeds of the
 49 15 letter of credit to the secured party an authenticated release
 49 16 from any further obligation to pay or deliver proceeds of the
 49 17 letter of credit to the secured party-; and
 49 18 f. a secured party having control of an electronic
 49 19 document shall:
 49 20 (1) give control of the electronic document to the debtor
 49 21 or its designated custodian;
 49 22 (2) if the debtor designates a custodian that is the
 49 23 designated custodian with which the authoritative copy of the
 49 24 electronic document is maintained for the secured party,
 49 25 communicate to the custodian an authenticated record releasing
 49 26 the designated custodian from any further obligation to comply
 49 27 with instructions originated by the secured party and
 49 28 instructing the custodian to comply with instructions
 49 29 originated by the debtor; and
 49 30 (3) take appropriate action to enable the debtor or its
 49 31 designated custodian to make copies of or revisions to the
 49 32 authoritative copy which add or change an identified assignee
 49 33 of the authoritative copy without the consent of the secured
 49 34 party.
 49 35 Sec. 69. Section 554.9301, subsection 3, unnumbered
 50 1 paragraph 1, Code 2007, is amended to read as follows:
 50 2 Except as otherwise provided in subsection 4, while
 50 3 tangible negotiable documents, goods, instruments, money, or
 50 4 tangible chattel paper is located in a jurisdiction, the local
 50 5 law of that jurisdiction governs:
 50 6 Sec. 70. Section 554.9310, subsection 2, paragraphs e and
 50 7 h, Code 2007, are amended to read as follows:
 50 8 e. in certificated securities, documents, goods, or
 50 9 instruments which is perfected without filing, control, or
 50 10 possession under section 554.9312, subsection 5, 6, or 7;
 50 11 h. in deposit accounts, electronic chattel paper,
 50 12 electronic documents, investment property, or letter-of-credit
 50 13 rights which is perfected by control under section 554.9314;
 50 14 Sec. 71. Section 554.9312, subsection 5, Code 2007, is
 50 15 amended to read as follows:
 50 16 5. TEMPORARY PERFECTION == NEW VALUE. A security interest
 50 17 in certificated securities, negotiable documents, or
 50 18 instruments is perfected without filing or the taking of
 50 19 possession or control for a period of twenty days from the
 50 20 time it attaches to the extent that it arises for new value
 50 21 given under an authenticated security agreement.
 50 22 Sec. 72. Section 554.9313, subsection 1, Code 2007, is
 50 23 amended to read as follows:
 50 24 1. PERFECTION BY POSSESSION OR DELIVERY. Except as
 50 25 otherwise provided in subsection 2, a secured party may
 50 26 perfect a security interest in tangible negotiable documents,
 50 27 goods, instruments, money, or tangible chattel paper by taking
 50 28 possession of the collateral. A secured party may perfect a
 50 29 security interest in certificated securities by taking
 50 30 delivery of the certificated securities under section
 50 31 554.8301.
 50 32 Sec. 73. Section 554.9314, subsections 1 and 2, Code 2007,
 50 33 are amended to read as follows:
 50 34 1. PERFECTION BY CONTROL. A security interest in
 50 35 investment property, deposit accounts, letter-of-credit
 51 1 rights, ~~or~~ electronic chattel paper, or electronic documents
 51 2 may be perfected by control of the collateral under section
 51 3 554.7106, 554.9104, 554.9105, 554.9106, or 554.9107.
 51 4 2. SPECIFIED COLLATERAL == TIME OF PERFECTION BY CONTROL
 51 5 == CONTINUATION OF PERFECTION. A security interest in deposit
 51 6 accounts, electronic chattel paper, ~~or~~ letter-of-credit
 51 7 rights, or electronic documents is perfected by control under
 51 8 section 554.7106, 554.9104, 554.9105, or 554.9107 when the
 51 9 secured party obtains control and remains perfected by control
 51 10 only while the secured party retains control.
 51 11 Sec. 74. Section 554.9317, subsections 2 and 4, Code 2007,
 51 12 are amended to read as follows:
 51 13 2. BUYERS THAT RECEIVE DELIVERY. Except as otherwise
 51 14 provided in subsection 5, a buyer, other than a secured party,
 51 15 of tangible chattel paper, tangible documents, goods,
 51 16 instruments, or a security certificate takes free of a
 51 17 security interest or agricultural lien if the buyer gives
 51 18 value and receives delivery of the collateral without
 51 19 knowledge of the security interest or agricultural lien and
 51 20 before it is perfected.
 51 21 4. LICENSEES AND BUYERS OF CERTAIN COLLATERAL. A licensee
 51 22 of a general intangible or a buyer, other than a secured
 51 23 party, of accounts, electronic chattel paper, electronic
 51 24 documents, general intangibles, or investment property other

51 25 than a certificated security takes free of a security interest
51 26 if the licensee or buyer gives value without knowledge of the
51 27 security interest and before it is perfected.

51 28 Sec. 75. Section 554.9338, subsection 2, Code 2007, is
51 29 amended to read as follows:

51 30 2. a purchaser, other than a secured party, of the
51 31 collateral takes free of the security interest or agricultural
51 32 lien to the extent that, in reasonable reliance upon the
51 33 incorrect information, the purchaser gives value and, in the
51 34 case of tangible chattel paper, tangible documents, goods,
51 35 instruments, or a security certificate, receives delivery of
52 1 the collateral.

52 2 Sec. 76. Section 554.9601, subsection 2, Code 2007, is
52 3 amended to read as follows:

52 4 2. RIGHTS AND DUTIES OF SECURED PARTY IN POSSESSION OR
52 5 CONTROL. A secured party in possession of collateral or
52 6 control of collateral under section 554.7106, 554.9104,
52 7 554.9105, 554.9106, or 554.9107 has the rights and duties
52 8 provided in section 554.9207.

52 9 PART F
52 10 ARTICLE 13

52 11 Sec. 77. Section 554.13103, subsection 1, paragraphs a and
52 12 o, Code 2007, are amended to read as follows:

52 13 a. "Buyer in ordinary course of business" means a person
52 14 who in good faith and without knowledge that the sale to the
52 15 person is in violation of the ownership rights or security
52 16 interest or leasehold interest of a third party in the goods,
52 17 buys in ordinary course from a person in the business of
52 18 selling goods of that kind but does not include a pawnbroker.
52 19 "Buying" may be for cash or by exchange of other property or
52 20 on secured or unsecured credit and includes ~~receiving~~
52 21 acquiring goods or documents of title under a preexisting
52 22 contract for sale but does not include a transfer in bulk or
52 23 as security for or in total or partial satisfaction of a money
52 24 debt.

52 25 o. "Lessee in ordinary course of business" means a person
52 26 who in good faith and without knowledge that the lease to the
52 27 person is in violation of the ownership rights or security
52 28 interest or leasehold interest of a third party in the goods
52 29 leases in ordinary course from a person in the business of
52 30 selling or leasing goods of that kind but does not include a
52 31 pawnbroker. "Leasing" may be for cash or by exchange of other
52 32 property or on secured or unsecured credit and includes
52 33 ~~receiving~~ acquiring goods or documents of title under a
52 34 preexisting lease contract but does not include a transfer in
52 35 bulk or as security for or in total or partial satisfaction of
53 1 a money debt.

53 2 Sec. 78. Section 554.13514, subsection 2, Code 2007, is
53 3 amended to read as follows:

53 4 2. A lessee's failure to reserve rights when paying rent
53 5 or other consideration against documents precludes recovery of
53 6 the payment for defects apparent ~~on the face of~~ in the
53 7 documents.

53 8 Sec. 79. Section 554.13526, subsection 2, paragraph c,
53 9 Code 2007, is amended to read as follows:

53 10 c. such an acknowledgment to the lessee by a carrier via
53 11 reshipment or as ~~warehouse~~ a warehouse.

53 12 PART G
53 13 MISCELLANEOUS

53 14 Sec. 80. Section 203C.17, subsection 1, Code 2007, is
53 15 amended to read as follows:

53 16 1. Any grain which has been received at any licensed
53 17 warehouse for which the actual sale price is not fixed and
53 18 proper documentation made or payment made shall be construed
53 19 to be grain held for storage within the meaning of this
53 20 chapter. Grain may be held in open storage or placed on
53 21 warehouse receipt. A warehouse receipt shall be issued for
53 22 all grain held in open storage within one year from the date
53 23 of delivery to the warehouse, unless the depositor has signed
53 24 a statement that the depositor does not desire a warehouse
53 25 receipt. A warehouse receipt shall be issued upon request by
53 26 the depositor. The warehouse operator's tariff shall apply

53 27 for any grain that is retained in open storage or under
53 28 warehouse receipt.

53 29 Sec. 81. Section 203C.18, Code 2007, is amended to read as
53 30 follows:

53 31 203C.18 ~~ISSUANCE OF WAREHOUSE RECEIPTS~~ == ISSUANCE,
53 32 PRINTING, AND ELECTRONIC FILING.

53 33 1. For all agricultural products that become storage in a
53 34 licensed warehouse, warehouse receipts signed by the licensed
53 35 warehouse operator or the operator's authorized agent shall be

54 1 issued by the licensed warehouse operator. Such warehouse
54 2 receipts shall be in the form required or permitted by uniform
54 3 commercial code, sections 554.7202 and 554.7204, provided,
54 4 however, that each receipt issued for agricultural products,
54 5 in addition to the matters specified in uniform commercial
54 6 code, section 554.7202 shall embody in its written or printed
54 7 terms:

54 8 ~~1-~~ a. The receiving and loadout charges which will be
54 9 made by the warehouse operator.

54 10 ~~2-~~ b. The grade or other class of the agricultural
54 11 products received and the standard or description in
54 12 accordance with which such classification has been made;
54 13 provided that such grade or other class shall be stated
54 14 according to the official standard of the United States
54 15 applicable to such agricultural products as the same may be
54 16 fixed and promulgated; provided, further, that until such
54 17 official standards of the United States for any agricultural
54 18 product or products have been fixed and promulgated, the grade
54 19 or other class thereof may be stated in accordance with any
54 20 recognized standard or in accordance with such rules and
54 21 regulations not inconsistent herewith as may be prescribed by
54 22 the secretary of agriculture of the United States.

54 23 ~~3-~~ c. A statement that the receipt is issued subject to
54 24 the Iowa warehouse Act and the rules and regulations
54 25 prescribed pursuant to the Act.

54 26 ~~4-~~ d. Such other terms and conditions as may be required
54 27 by rules of the department.

54 28 2. Warehouses that are not licensed pursuant to this
54 29 chapter or by the United States government shall not issue
54 30 warehouse receipts for agricultural products.

54 31 ~~The original copy of every warehouse receipt shall be~~
54 32 ~~imprinted with the signature of the secretary of agriculture~~
54 33 ~~prior to issuance.~~

54 34 3. Forms for warehouse receipts shall only be printed by a
54 35 person approved by the department. A form for a warehouse
55 1 receipt shall be printed in accordance with specifications set
55 2 forth by the department. A form for a warehouse receipt that
55 3 is unused at the time that a warehouse operator's license is
55 4 canceled, suspended, revoked, or terminated shall be
55 5 surrendered to the department.

55 6 4. The department may adopt rules to allow for the
55 7 issuance of electronic warehouse receipts by a provider who is
55 8 a person approved by the department to maintain a secure
55 9 electronic central filing system of electronic records
55 10 including warehouse receipts and who is independent of an
55 11 outside influence or bias in action or appearance.

55 12 Sec. 82. Section 203C.19, Code 2007, is amended to read as
55 13 follows:

55 14 203C.19 RIGHTS AND OBLIGATIONS WITH RESPECT TO WAREHOUSE
55 15 RECEIPTS == LOST RECEIPTS.

55 16 1. Insofar as not inconsistent with the provisions of this
55 17 chapter, original or duplicate receipts issued by licensed
55 18 warehouse operators shall be deemed to have been issued under
55 19 the provisions of uniform commercial code, chapter 554,
55 20 article 7.

55 21 2. Duplicates and releases for lost, destroyed, or stolen
55 22 warehouse receipts may be issued only in accordance with the
55 23 provisions of ~~section~~ sections 554.7601 and 554.7601A.

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PATRICK J. MURPHY
Speaker of the House

JOHN P. KIBBIE
President of the Senate

I hereby certify that this bill originated in the House and
is known as House File 716, Eighty-second General Assembly.

MARK BRANDSGARD
Chief Clerk of the House

Approved _____, 2007

CHESTER J. CULVER

